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Asia ... Sch. 20	Indonesia ... Rp 3108	Philippines ... Piso 100
Belarus ... Bel.0.850	Iceland ... IS 3.50	Portugal ... Esc 100
Bulgaria ... Bf.45	Italy ... L.1500	S. Africa ... R.125
Canada ... C\$1.00	Japan ... Y.550	Spain ... Pts 125
Croatia ... C.D.75	Jordan ... Fc.500	Sri Lanka ... Rup 30
Denmark ... Dk.1.00	Kuwait ... Fc.100	Sweden ... Kr 7.00
Egypt ... E£1.00	Liberia ... D.25.00	Switzerland ... Frs 12.00
Finland ... Fk.8.50	Malta ... M.4.25	Tunisia ... D.1.375
France ... Fr.6.20	Mexico ... Pes. 300	Turkey ... L.100
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India ... Rep. 15	Norway ... Kr.7.00	U.S.A. ... \$1.00

World news

Moscow warns on nuclear test ban

Soviet Union warned that it could not maintain its nuclear test moratorium indefinitely and said a decision on the resumption of testing next year depended on the US.

Yuri Vorontsov, a first deputy foreign minister, told a news conference the US was seeking military superiority over the Soviet Union by continuing its tests and forging ahead with President Reagan's Star Wars programme.

"In these conditions, it would put the security of the Soviet Union and its allies in danger to continue our moratorium indefinitely," he said. He added that Moscow's decision would depend on "the behaviour of the Reagan Administration between now and the end of the year."

Page 3

SA killings

Fabian Ribeiro, a black anti-apartheid activist known to thousands of poor South Africans as "The People's Doctor" was shot dead with his wife outside their home in Pretoria's black township of Mamelodi. Page 6

Fraga resigns

Manuel Fraga resigned as leader of Spain's main opposition party, Popular Alliance, after its rout in Sunday's Basque election, opening the way for a reorganisation of the political right. Analysis, Page 2

Delhi army on alert

The army was placed on alert in New Delhi after rioting Hindus sacked Sikh homes and shops in an angry backlash to the weekend massacre of 24 Hindus in Punjab. Page 6

Rhine contamination

Loma Werke, a Swiss-owned chemical company in West Germany said an accident caused serious pollution of the Rhine but posed no danger to health. The disclosure came after Switzerland promised strong new measures to prevent further accidents of the type that caused last month's pollution disaster on the river. Page 2

Lagos aid for ANC

Nigeria has said it will give South African guerrillas more military and financial help in their fight against the white-dominated government, the president of the outlawed African National Congress, Oliver Tambo, said.

Surinam emergency

Surinam Government said that dozens of rebels were believed to have died during an army offensive that began on Friday and prompted the declaration of a partial state of emergency.

IRA extradition

Two IRA fugitives lost their final Dutch court case to delay extradition to Britain. Brendan McFarlane and Gerard Kelly broke out of the Maze prison in Northern Ireland in 1983.

Dock strike call

The Confederation Générale du Travail, a Communist-led union representing 98 per cent of France's dockworkers called for a nationwide strike at the country's ports today.

New Caledonia vote

UN General Assembly declared France's Pacific possession of New Caledonia a non-self-governing territory and subject to UN decolonisation procedures.

Anti-terrorism pact

Israel and Italy are to sign a pact this week to co-operate in combatting terrorism, Israeli Police Minister Chaim Bar-Lev said.

Ivory sales ban

Tanzania announced a total ban on ivory sales to curb poaching of elephants, with dealers ordered to hand in their trading licences by December 30.

BUSINESS SUMMARY

US 'set for 3% growth in quarter'

US INDEX of leading economic indicators, designed to predict the economic outlook, rose a healthy 0.6 per cent in October, an increase of economists expecting real growth of about 3 per cent in the fourth quarter. Page 4

FUJI HEAVY Industries and Isuzu Motors, two major Japanese vehicle makers, are to build a \$500m plant to manufacture up to 240,000 cars and trucks a year at Lafayette, Indiana.

WALL STREET: By 3 pm the Dow Jones industrial average was 30.37 higher at 1,942.81. Page 33

LONDON: A convincing rally followed Wall Street's early upturn, firms sterling and the latest UK reserves data. The FT Ordinary index rose 5.9 to 1,278.4 and the FTSE 100 closed with a 7.7 gain at 1,625.50. Page 33

TOKYO: Mounting concern over high prices took equities lower although there was some scattered buying. The Nikkei market average fell 117.01 to close at 18,190.37. Page 33

GOLD fell \$4 to \$387.75 on the London bullion market. It also fell in Zurich to \$389.00 (\$395.65). Page 30

DOLLAR rose in London to DM 1.9725 (DM 1.9660). It also rose to Y182.0 (Y182.20); SF 1.6440 (SF 1.6375); FF 6.4825 (FF 6.44). On Bank of England figures the dollar's exchange rate index fell 0.1 to 109.9 from 109.7. Page 31

STERLING fell in London to \$1.4245 (\$1.4380). It also fell to Y223.25 (Y223.25); but rose to DM 2.83 (DM 2.8275); to SF 2.3575 (SF 2.3550); FF 8.27 (FF 8.26). The pound's exchange rate index fell 0.1 to 157. Page 31

CREDIT Lyonnaise, UK merchant bank, to advise it on the privatisation of Compagnie Générale des Constructions Téléphoniques (CGCT), troubled telecommunications equipment maker. Page 19

FRANCE: Government has chosen Credit Lyonnaise, UK merchant bank, to advise it on the privatisation of Compagnie Générale des Constructions Téléphoniques (CGCT), troubled telecommunications equipment maker. Page 19

ROYAL BANK of Canada reported virtually unchanged earnings for 1985 at C\$493.9m (US\$354.2m) compared with \$488.1m a year ago. However, fourth-quarter earnings declined sharply. Page 19

PEUGEOT sales outside Western Europe are expected to tumble by between 25 per cent and 30 per cent this year compared with last year because of the sharp decline in shipments of car kits to Nigeria and Iran. Page 19

NORDIC countries are again considering plans for a natural gas network that would link individual countries' existing gas pipelines and extend their range. Page 5

W. R. GRACE, US chemicals and natural resources group, has carried out a further large disposal of retailing interests, with the sale to a management group of its chain of about 200 home centres for \$250m in cash. Page 19

NORWAY's central bank announced a 2 per cent increase in its key interest rate on overnight deposits to 16 per cent, reflecting mounting pressure on the krone in foreign exchange markets, a senior bank official said. Page 3

ITALIAN Government is holding out the prospect of liberalising petrol prices from next June after a decade of price control.

HUNGARIAN Government has frozen basic wages until next April as a prelude to the introduction of measures to link wages more closely with performance.

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Reagan clears way for independent arms deal probe

BY STEWART FLEMING AND LIONEL BARBER IN WASHINGTON

PRESIDENT Ronald Reagan yesterday named a new US National Security Adviser and cleared the way for the appointment of an independent counsel to investigate the Iran arms scandal. The moves are aimed at restoring confidence in President Reagan's leadership and his Administration.

The new National Security Adviser is Mr Frank Carlucci, a former deputy director of the Central Intelligence Agency (CIA) under President Jimmy Carter.

In a noon address carried on nationwide television, Mr Reagan claimed that he was doing "everything in my power to make all the facts known to the American people." The President pledged to cooperate with Congress in order to get to the bottom of the affair. He promised that if illegal acts had been committed, those responsible would be brought to justice.

The President's address came in the wake of polls showing a sharp decline in his popularity to its lowest point since the recession in 1982, continuing scepticism about whether or not he had been telling the truth about the Iranian arms deals and signs that Americans had lost confidence in his handling of foreign affairs.

Mr Frank Carlucci, who has also served as US ambassador to Portugal, will succeed Vice-Admiral John Poindexter, President Reagan's

fourth national security adviser, who resigned last week.

Mr Carlucci is known as a tough independent minded professional diplomat, who served until 1982 as Deputy Secretary at the Department of Defense under Mr Caspar Weinberger.

Moments after the President's

five minute speech, Mr Edwin Meese, the US Attorney General and a close friend of Mr Reagan, announced at the Justice Department that he had recommended the appointment of an independent counsel who has not yet been named. His role would be to investigate possible violations of criminal law in the diverting of up to \$30m of profits from arms sales to Iran to support the Contra rebels in Nicaragua.

Mr Meese has led a Justice Department and FBI inquiry into the Iranian arms sales amid sustained criticism that his role was untenable because he had provided legal advice on the President's decision last January to sell arms to Iran without informing Congress.

Yesterday's White House announcements followed the launch on Monday of a full-scale independent inquiry into the operations of the National Security Council's staff at the centre of the covert White House operations to support the Contra and sell arms to Iran, were before the committee.

The threat to Mr Reagan from the scandal was underscored yesterday by press reports about 14 hours of closed door testimony to the Senate Intelligence Committee on Monday. Mr Robert McFarlane, the President's former National Security Adviser and Lt Col Oliver North, the National Security Council staff official at the centre of the covert White House operations to support the Contra and sell arms to Iran, were before the committee.

The New York Times newspaper reported yesterday that Lt Col

Continued on Page 18

Background, Page 4

French enter \$70bn Norwegian gas deal

BY LUCY KELLAWAY IN LONDON

THE FRENCH Government has agreed to participate in a \$70bn gas deal with Norway, giving the go-ahead to the development of two major Norwegian gas fields, Troll and Sleipner.

France, which had been threatening to pull out of an agreement reached earlier this year between Norway and a consortium of European buyers, had been demanding preferential treatment, yesterday committed itself to buy 50 cubic metres a year, 25 per cent less than the volumes initially agreed upon.

The decision was met with relief in Norway where it had been feared that a French withdrawal would lead to a more modest and less profitable scheme, in which only the Troll field would be developed.

The oil companies involved in the development, led by Norsk Shell and Statoil, the Norwegian state-owned oil company are likely to de-

side by tomorrow to press ahead with the development as originally planned. The Norwegian parliament is expected to approve the plan on Friday.

During the past six weeks, France has been fighting to secure higher purchases of French goods by Norway and a wider role for French companies in the development, in return for its purchases of the gas.

Mr Arne Oeien, the Norwegian Energy Minister, said yesterday that French companies would not be given preferential treatment. No firm undertaking has been given to increase imports of goods from France.

However, Norway has agreed to give France the option to buy a further 250 cubic metres of gas a year, which would be conditional on a correction of the trade imbalance between the two countries.

The other buyers in the consor-

tium are West Germany, the Netherlands and Belgium. Last month Norway signed a separate agreement with Austria to deliver 1bn cu ft of gas a year, and is now negotiating with Italy and Sweden.

The deal is the largest export deal ever signed by Norway and will meet up to 25 per cent of West Europe's gas needs by the beginning of next decade.

Deliveries of the gas, which will be made through a pipeline connecting the fields with Zeebrugge in Belgium, will start in 1993 and run for 27 years.

Nordic gas plan revised, Page 5

case in the British courts, could win a claim against the UK for significant damages.

The Milk Marketing Board (MMB) and the Dairy Trade Federation, which represents Britain's commercial dairy companies, held comment yesterday as they studied the ruling. However, the Irish Dairy Board, which is claiming £12m (\$17.1m) from the MMB, said that it would now press ahead with its action in the High Court. The case will probably not be heard until 1988.

MMB officials played down the significance of the judgment, saying that it should not call into question the board's overall pricing system, which have come for widespread criticism in recent years.

The implications for Britain and other EEC member states will not be entirely clear until experts have had time to study the long and often complex statement of the court. It seems likely, however, that the UK will now lose some substantial payments from the EEC's Agricultural funds and that the Irish Dairy Board, which is pursuing a similar

ant skimmed milk.

Under the terms of Britain's entry into the EEC, special arrangements were made to accommodate the MMB's effectively giant farmer co-operatives which dominate Britain's dairy industry. The court ruled, however, that in allowing the dual pricing practice to operate the UK had "failed to fulfil its obligations" concerning the granting of these special concessions.

EUROPEAN NEWS

US leadership of Nato alliance worries France

By DAVID HOUSEGO IN PARIS

MR JACQUES CHIRAC, the French Prime Minister, yesterday voiced his country's fears about the unsteadiness of current US leadership of the Atlantic alliance in the context of a call for western Europe to draw up a charter of security principles.

In a speech to the parliamentary assembly of the Western European Union (WEU), he said that Nato was not threatened by division but by the "feeling, whether justified or not, that decisions vital to the security of Europe could be taken without Europe really having any say in the matter."

Mr Chirac said his conviction was shared by all other European leaders he had recently met — which includes Mrs Margaret Thatcher.

He said that the scope of the proposals put forward by the US and the Soviet Union at the Reykjavik summit in October "seemed to shake the very basis on which our conception of US-Soviet relations is founded."

Without mentioning President Ronald Reagan by name, Mr Chirac said that the concern which the summit had aroused in Europe, together with the "measure of confusion" which had greeted the Strategic Defence Initiative, were pushing Europe towards greater consciousness of its security demands. Among the main principles which could be the

basis of the Charter signed by the seven WEU members, Mr Chirac proposed for inclusion that:

• Nuclear deterrence remains the only effective way of preventing war in Europe. There is no alternative to it in the foreseeable future.

• The threat which hangs over Europe must be considered as a whole, embracing nuclear arms of all ranges, and imbalances of chemical and conventional weapons.

• Deterrence in Europe requires the presence of American conventional and nuclear forces.

In his speech — the first time a French Prime Minister had addressed the WEU since Mr Georges Pompidou — Mr Chirac warned that any agreement between the US and Moscow on intermediate range weapons should include suitable guarantees about verification and take account of Soviet shorter range missiles stationed within striking distance of Western Europe. Failing this, he said, such an agreement would contribute to new imbalances.

The Soviet threat should be perceived in its entirety of nuclear, conventional and chemical weapons. Because of the Soviet superiority in conventional forces in Europe, Europe's security depended on the presence of a sufficient number of US nuclear weapons.

Moscow warns US over freeze on nuclear tests

By OUR FOREIGN STAFF

THE SOVIET UNION warned yesterday that it could not continue for ever its 17-month-old moratorium on nuclear weapons tests as long as the US persisted with its own test programme.

Mr Yuli Vorontsov, the First Deputy Foreign Minister, told a news conference in Moscow that the US had carried out 23 tests since the Soviet Union suspended its programme in August last year.

The Soviet Union's decision on whether to continue the moratorium depended on the behaviour of the US Administration between now and the end of the year, he said.

Stephanie Gray adds: Sir Geoffrey Howe, the UK Foreign Secretary, yesterday received Mr Andrei Alexandrov-Agoston, the Soviet ambassador-at-large, but the question of the nuclear test moratorium was not raised. Foreign Office officials suggested that signals coming out of Moscow need not necessarily result in a termination of the moratorium.

The feeling was that the Soviet Union might not want to end the moratorium on January 1 given the imminence of the West German general election on January 28.

In their discussions yesterday, the Soviet and British sides reiterated their positions on intermediate nuclear forces, US space and strategic weapons.

Jobs carve-up draws Italian coalition blood

By JOHN WYLES IN ROME

ITALIAN POLITICAL parties have receded from the task of filling the remaining top jobs in state-owned savings and commercial banks because of the unhealed wounds they inflicted on each other at the start of the process two weeks ago.

Relations between the five governing coalition parties have been so soured by the experience that Mr Giovanni Goris, the ebullient Christian Democrat Treasury Minister, has postponed an interministerial committee meeting which was scheduled today to complete the nominations to 44 banks. These include some of the majors such as Banco di Napoli and Banco di Sardegna.

Pleading other commitments, the minister also complained of the difficulties caused by those "who want to share the proceeds but are challenging the methods being used."

This was an acid reference to the hesitations of the Republican and Liberal parties who have been shaken, some what hypocritically say their critics, by the public image created during the long night of November 20-21 when nominations to 106 bank presidencies and vice-presidencies were serenely adopted.

"A night of shame" was only one of many embarrassing epithets gleefully applied by the Italian press to a picture of the governing parties busily sharing out well-paid jobs among their supporters at the expense of the Bank of Italy, Mr Carlo Azzone Cimatti.

Pleading other commitments, the minister also complained of the difficulties caused by those "who want to share the proceeds but are challenging the methods being used."

party negotiators tried to stitch back together an agreement reached over the previous four weeks.

This was nearly unravelled because of a muscular intervention by Mr Ciriaco De Mita, the leader of the Christian Democrat party in favour of his personal nominee to the post of president of Cariplo, the giant Lombard savings bank, Mr Roberto Mazzotta.

Mr De Mita's will eventually prevail and the hapless Mr Mazzotta, an MP and former vice-secretary of the Christian Democrats, has since been uncomfortably defending his credentials for running one of the country's largest banks.

While Mr Craxi was so pleased with the pseudonym that he uses the initials GDT to sign newspaper articles, Mr De Mita was outraged when Mr Scalfari wrote that the Christian Democrat leader is "also a Ghino di Tacco, with

the difference that his gang is more numerous and therefore more fearful than his rivals."

Mr Craxi has defended his role in preparing the nominations list and argued that, as the supervisory authority, it would be wrong for the bank to have sole powers of appointment. He has suggested a thoroughgoing reform of the savings bank system so that the banks' members appoint the management.

Although central bank governors are never happy in the political firing line, Mr Craxi may not be distressed by the flying grapeshot. Appointments have been shared out between the parties for decades without much public complaint. The current row tends to suggest that the long reach of the parties is not as acceptable as it was and may have to be shortened.

FRESH SIGNS of trouble for the West German economy emerged yesterday when the Economics Ministry conceded that industrial production had stagnated in October. It added that production in September and October had actually fallen 1.5 per cent from the previous two months.

Although the ministry blamed the October result on the upward revision of the original September figure, yesterday's announcement coincides with reports of a fall in overall third quarter growth.

These reports, suggesting overall growth for this year of 2.5-2.6 per cent, support the view of a government-appointed panel of economists that Bonn would not achieve its 3 per cent growth target this year and would have to settle for around 2.5 per cent. That panel predicted growth of just 2.2 per cent for next year.

The Economics Ministry said yesterday that October's production figure would probably be revised upwards also. But that, it seems, would not be sufficient to disguise a 7.5 per cent drop in coal production and a 4.5 per cent fall in energy output.

Manufacturing output failed to improve in September and building activity, which the Government and its economic advocates constantly claim is recovering swiftly, rose only 1 per cent.

The two-month comparison is also gloomy, despite the fact that July and August are holiday months in which production is normally low. In September and October, nevertheless, overall industrial production fell 1.5 per cent, with a 10 per cent fall in coal mining and 0.5 per cent in construction output.

Norwegian key interest rate rises

By KEVIN DENE, Nordic Editor, in Stockholm

NORWAY'S central bank yesterday increased its key short-term interest rate by two points to 16 per cent in an effort to shore up the krone which has been under heavy pressure for two weeks.

The currency has fallen to its lowest level since last May's 12 per cent devaluation, and repeated central bank intervention has failed to alleviate the pressure.

The krone has inevitably weakened in the face of the rapidly mounting current account deficit which is expected to reach as much as Nkr 33bn (£3bn) this year.

The central bank acknowledged yesterday, however, that financial markets have grown uneasy about the authorities' future exchange rate policy given the continuing uncertainty that surrounds the budget for 1987.

The minority Labour Government which took over in May has been unable to find a parliamentary majority for its tax proposals, and earlier this week its latest idea of a compulsory savings scheme for all those with incomes above Nkr 100,000 (\$10,000) a year, was rebuffed by the opposition parties.

The Government is due to present its revised budget to Parliament on Friday. The plunge in oil prices has helped transform Norway's previous current account surpluses into heavy deficits and the country is suffering from mounting inflation which rose to 8.8 per cent in October, while inflation in competing countries has been less than 2 per cent on average.

In recent days the krone has fallen below the lowest intervention point of 114.50 against a basket of currencies forcing the authorities to be increasingly active to defend it.

Yesterday, it traded as low as 114.85 before action was taken to raise interest rates, which bolstered the index temporarily to 113.50 before it later weakened to close at 114.50 in what dealers described as a "hectic and nervous" market.

UK to keep research off summit agenda

By QUENTIN PEEL IN BRUSSELS

THE BRITISH Government is resisting pressure from European employers and the European Commission to drop the uncertain future of EEC research co-operation at this week's London summit.

Current deadlock between the member states over the funding and details of the Commission's proposed Ecu 7.7bn (55.6bn) five-year research programme means that a decision to go ahead before the end of the year is in doubt.

Britain, France and West Germany are united in trying to restrict the size of the programme to more than Ecu 5 bn arguing that it is over-ambitious and should be more clearly focused.

They are strongly opposed by the European Commission and the smaller member states, keen to boost their own high technology sectors with the incentive of cross-border collaboration.

Mr Jacques Delors, the European Commission president, is determined to raise the matter at the summit, pointing out that the EEC heads of government have committed themselves to boosting research co-operation and spending. However, Sir Geoffrey Howe, the British Foreign Secretary, yesterday ruled out a proper debate, saying: "Research will not be for discussion at the summit."

The Commission's campaign has won the backing of European employers' organisations in Unice, the Brussels-based umbrella body.

The presidents of the constituent federations in Unice returned to the attack in Brussels this week, saying that they could not understand "why the authorities should want to make such drastic cuts in the budget being proposed."

Mr Geoffrey Pattie, the British minister in the chair of the EEC Research Council, is currently flying round Community capitals seeking common ground before the Council meets again on

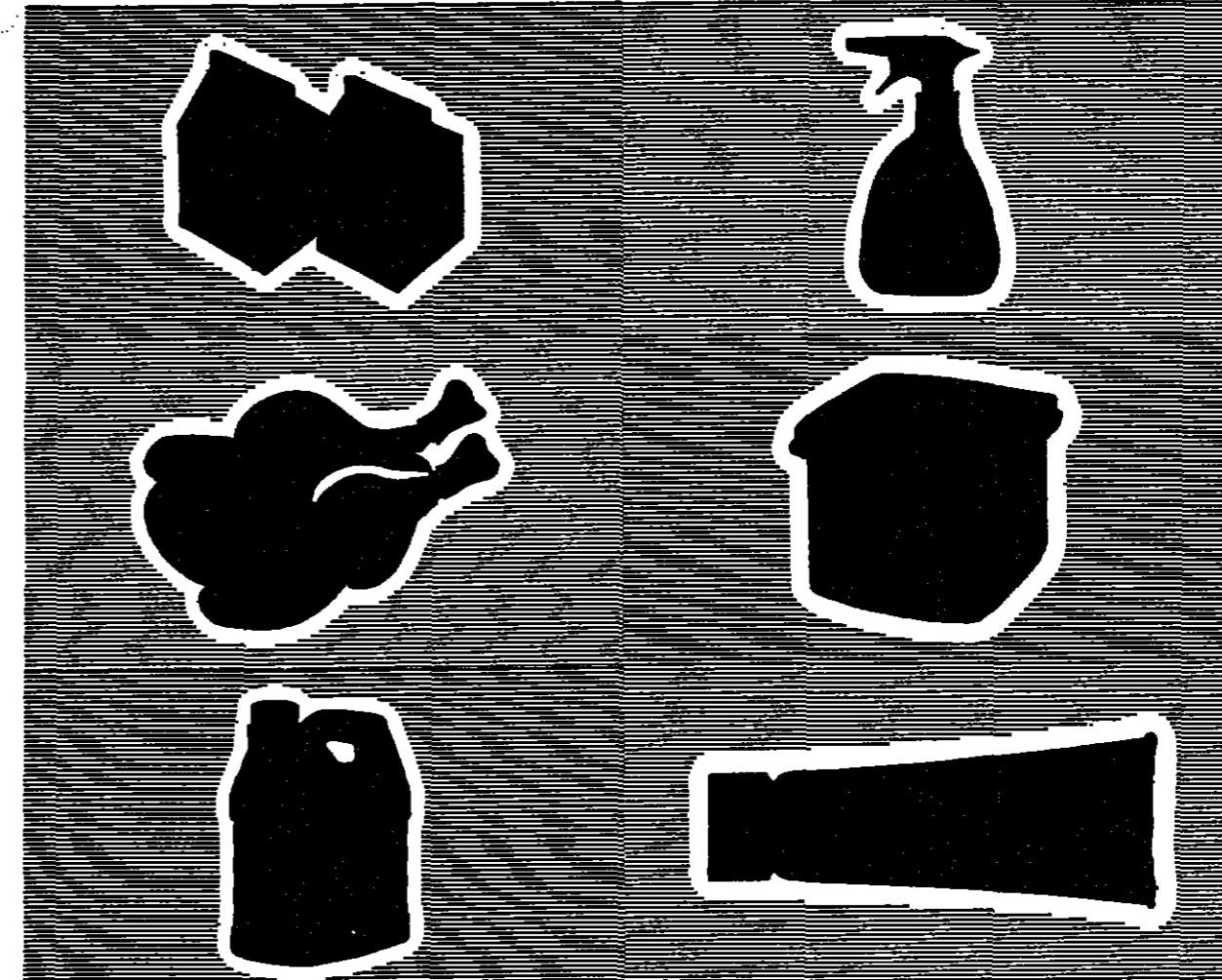
December 9.

In a pre-summit satellite news conference yesterday, Sir Geoffrey would only say the heads of government were committed "to increase the share of the Community budget spent on research and development," but any decision must take account of the funds available.

He said that the whole business and jobs environment in Europe would form the substance of one major debate at the summit, but focussed on completing the internal market, lightening the burdens on small businesses, and a British-inspired "action plan" for employment and growth.

Sir Geoffrey said the other themes in London would be a debate on all aspects of "safe-guarding the open society," including co-operation against drug-trafficking and terrorism, and campaigns against cancer and Aids, and a discussion of East-West relations.

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AMERICAN NEWS

US economy set for 3% growth in fourth quarter

BY STEWART FLEMING, US EDITOR IN WASHINGTON

THE US index of leading economic indicators, designed to predict the economic outlook in the month ahead, rose a healthy 0.6 per cent in October, an increase which lends support to projections of economists who are expecting real growth of around 3 per cent in the fourth quarter.

But the index nevertheless presented a mixed picture of the economic outlook. Five of the 11 indicators, including those for sensitive materials prices and the money supply, advanced, but indicators reflecting new orders for capital goods, consumer goods and for building permits all declined, reflecting the continuing weakness of the industrial sector and what many economists fear is a deteriorating outlook for the real growth in the 2-3 per cent range.

There is widespread agreement among non-government economists that much hinges on the outlook for the trade deficit which is expected to rise to almost \$17.8bn this year, compared with \$14.8bn in 1985.

Recent economic data has left private economists divided on the immediate economic prospects. Chase Econometrics, for example, in its latest economic assessment argues that there are signs of the long-awaited slowdown in consumer spending. This, coupled with weakness in the capital goods sector and the only moderate improvement in the trade deficit it anticipates, suggest to Chase that fourth quarter output will be little growth rate.

Canadian GDP growth slows in third quarter

CANADA'S REAL gross domestic product rose 0.5 per cent in the third quarter, a slowdown from increases of 0.8 per cent in the second quarter and 0.6 per cent in the first quarter, according to Statistics Canada, the federal agency, Reuter reports from Ottawa.

Growth was led by strong household spending, but demand was dampened by imports and a rundown of business inventories.

As a result, output in the goods-producing industries fell for the second consecutive

Texan businessman 'was Iran go-between'

By Lionel Barber in Washington

MR H. BOSS PEROT, the Texas billionaire at the centre of a boardroom feud at General Motors this week, emerged yesterday as a central figure in the Iran hostage affair.

According to the Washington Post, Mr Perot was asked by Lt-Col Oliver North to put up several million dollars as ransom money to free American hostages held in Lebanon. Lt-Col North was the White House aide identified as running a secret operation to send arms to Iran and funds to the Contra rebels in Nicaragua.

Mr Perot in a television interview yesterday confirmed the Washington Post report and said that he believed that Lt-Col North had approval from higher authorities with in the Reagan Administration for the request for ransom money.

Mr Perot's work for the US Government to free Americans held abroad has been long-standing. He worked behind-the-scenes to improve treatment of American prisoners of war in Vietnam and, in 1979, when two employees of his company, Perot Systems, were held captive in Iran, Mr Perot hired a retired Army commando specialist who led a seven-member mission that freed the Americans.

Their exploits were later turned into a best-selling book and film.

According to the Post, Lt-Col North asked Mr Perot last May to place \$2m in an account in the Credit Suisse Bank in Zurich to free the remaining US hostages in Lebanon. The request was then cancelled and Mr Perot was asked to send the money by courier to Cyprus.

The \$2m was to be exchanged at sea on Cyprus for five hostages, but the deal fell through. Days later, Mr Robert McFarlane, President Reagan's former National Security Adviser, went on a secret mission with Lt-Col North to Teheran with an aircraft load of arms in what subsequently proved an abortive attempt to secure the release of the Americans in Lebanon, including Mr William Buckley, identified as the CIA station chief in Lebanon.

American officials are particularly anxious to question a handful of senior Israelis in connection with the allegations that funds from the Iranian rebels were secretly diverted to Contra rebels in Nicaragua.

Relations between the US and Israel, usually very close, have worsened appreciably as a result of President Ronald Reagan's interview in the current issue of Time magazine.

Brazil acts over interest rates

BY IVO DAWNAY IN RIO DE JANEIRO

SPIRALLING INTEREST rates and a further slump in the stock exchange indices have forced Brazil's central bank to take a measure of inflation indexing back into the financial markets.

The move was forced late on Monday after interest on 60-day certificates of bank deposits (CDBs) hit an annualised 10.7 per cent and the key São Paulo Bovespa stockmarket index registered a drop of 7.7 per cent to 8,737—its worst fall this year.

Under the new regulations, banks issuing CDBs will be able to offer their clients an upward adjustment of their fixed interest rate at maturity, based on the movement on the rates charged on government paper.

By midday yesterday, CDB rates had fallen back to 14.0 per cent, while the Bovespa index recovered more than half its previous day's losses with a rise of 4.3 per cent.

The efforts to resolve the country's worsening liquidity crisis came amid continuing uncertainty over the Sarney Administration's ability to control the increasing inflationary pressures in the

economy. In a newspaper interview at the weekend, Mr Wilson Farias, the Finance Minister, insisted that the price freeze imposed under the anti-inflationary Cruzado Plan last February will continue beyond its anniversary date.

But many institutions and organisations are arguing that burgeoning blackmarkets and lack of adjustment measures which raised prices for some products by as much as 100 per cent have, in effect, ended the freeze. One report claimed that real inflation in November was probably between 8 and 9 per cent for the month.

Angry public reaction to the adjustments left 150 arrested, shops and banks looted and 23 police cars burnt in a violent demonstration in Brasilia last week. Both the main trade union federations are now calling for a 24-hour general strike against the measures for December 12.

President Sarney: popularity down

President Jose Sarney, whose

public approval rating in one

opinion poll slumped from a

March high of 74 per cent to

just 19 per cent last week, is



President Sarney: popularity down

due to explain the new economic package on nationwide television tomorrow night

—almost two weeks after its publication.

But industry is continuing to

complain loudly over a lack of

clarity in many of the decrees

of the new economic package.

Political pressure continues to

mount on the Government to

take a tough negotiating stance

in the new round of talks with

foreign creditors, due to begin shortly.

Several politicians are

openly advocating a moratorium

on repayments.

However, Mr Persio Arida, an

influential central bank director,

warned this week that even a

highly successful outcome to

the talks "will not permit

miracles."

"Even if we limit our pay-

ments, we can't sustain a growth

rate of 12 per cent and an

increase in salaries of 15 per

cent," he told an international

conference on debt in São Paulo.

The verdicts will set

important precedents for

future human rights trials of

other police and military

officials, especially of lower

rank.

The defence has argued that

obedience to

orders" from superiors

absolves the defendant of

guilt, while human rights

activists and the prosecution

have argued that if laws were

broken in carrying out those

orders, then the defendants

are guilty.

The Government is mean-

while finalising a bill to be

presented to the Congress

shortly, which will limit the

number of future trials to

only those military and police

personnel who have

compelling evidence against them that they acted "in excess" of

their orders.

The aim is to calm disquiet

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The bill is expected to face

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Five of the nine military

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and 1983, as well as the three

military chiefs which

led the disastrous 1982 Falklands

war, have already been

imprisoned.

outlining the measures. The Government has still to explain in detail how a new restricted consumer price index will be drawn up, and the drinks and motor industry are reported to be paralysed by lack of guidance as to their new permitted price levels.

Several sectors most hurt in the original Cruzado price freeze — most notably the pharmaceutical industry — are furious that their arguments for some relief on prices have apparently been ignored.

Political pressure continues to mount on the Government to take a tough negotiating stance in the new round of talks with foreign creditors, due to begin shortly.

All are accused of a variety of crimes including assassination, torture, abduction and robbery of detainees' property during the "dirty war" against political opponents which followed a military coup of 1976.

The verdicts will set important precedents for future human rights trials of other police and military officials, especially of lower rank.

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WORLD TRADE NEWS

JULY 1986

Argentine
human
rights trial
nears end

UK wins £40m Rapier order from Indonesia

By JOHN MURRAY BROWN IN JAKARTA

BRITISH AEROSPACE has won a further order for its Rapier ground-to-air missiles from Indonesia.

The latest order, worth £40m, is the third time in as many years that the company has won orders for the system from Indonesia which is fast becoming a major market for UK arms manufacturers.

A similar deal valued at £80m was signed in November last year, and one for £100m in 1984. The reduced size of this latest contract, announced yesterday, reflects Indonesia's increased spending constraints as it comes to terms with the drop in oil revenues which account for 70 per cent of export earnings and 55 per cent of state budget receipts.

However, BAE officials remain confident of future sales of the Rapier, which is considered less cumbersome than its rival, the joint French and West German Roland system.

Canberra unveils plan to cut textile tariffs

By CHRIS SHERWELL IN SYDNEY

AUSTRALIA'S Labor Government has belatedly unveiled full details of its long-promised programme to cut tariffs and remove quotas shielding the country's textile, clothing and footwear industry from outside competition.

The programme is widely regarded as a test of the Government's willingness to restructure inefficient sectors of Australian manufacturing industry.

The textiles, clothing and footwear sector is not only one of the largest, employing 110,000 people, which is 10 per cent of manufacturing employment, but also one of the most heavily protected, enjoying tariffs of up to 134 per cent.

Under the new programme, which will cost the Government A\$200m (£90m) quotas will be phased out altogether and protective tariffs will be cut significantly.

However, levels for clothing will fall no lower than 80 per cent, and for footwear not less than 50 per cent. For some fabrics, the level will be 40 per cent.

The programme will also not start until March 1988, and will take a full seven years to reach its targets. Moreover, if it causes local production to contract beyond specified limits — by more than 15 per cent in aggregate — then a revision of the policy is likely to be recommended.

OPPORTUNITIES IN PICARDY

Aisne looks to Britain for fresh investment

By ANTHONY MORETON

THE FRENCH department of Aisne, in Picardy, is looking across the Channel for new investment opportunities. The department's Chamber of Commerce and Industry is taking part in the International Trade and Services Exhibition at London's Barbican centre in the hope of tempting UK businessmen to relocate to Aisne.

Set in rolling countryside between Paris and the Channel ports, Aisne's chief interest to visitors has been as the place where some of the major battles of the First World War, like the Somme, took place. "Outsiders rushed through our towns, like Soissons and St Quentin," says Mr Charles Baur, president of the regional council of Picardy. "The British in particular were interested only in getting to the River."

The result is that Aisne has become one of France's less wealthy departments. It may not be as depressed as the Nord or the Pas de Calais, but it has had enough problems with its mechanical engineering, chemicals, glass and textile industries to want to seek a more diversified industrial base to complement the agro food business which has grown up in the past 10 years.

Increased British direct investment, in particular, appeals to the department thanks to the prospect of the Channel Tunnel, which the French take more for granted than the British, linking Picardy with south-eastern England.

In direct trade, Britain is the third largest foreign supplier of goods to Picardy. As recently as 1984 exports to this one department at £217m were greater than to either Brazil or Mexico. In return, Picardy sent more (£245m) to Britain than the whole of France exported to Indonesia, Brazil or Yugoslavia.

Britain's direct investment is also noticeable. Wilkinson Sword set up a marketing company in Soissons in 1983 and has seen turnover rise from FFr 15m (£1.6m) to an expected FFr 65m (£5.9m) this year.

Australians to have stake in new Boeing

By Michael Donne,
Aerospace Correspondent

THE AUSTRALIAN aerospace industry, through Hawker de Havilland, is to take a 24 per cent stake in the development of the new Boeing 737 twin-engine "propfan" 150-seat airliner for service from 1992.

The aircraft incorporates the revolutionary new propfan engine development that it is claimed will yield up to 25 per cent or more improvements in fuel consumption over the latest types of jet engines in service at that time.

The Japanese aircraft industry has a 25 per cent stake in the 737 propfan aircraft and Short Brothers of Belfast and Saab-Scania of Sweden are "programme associates."

Mr Thomas Bacher, vice-president of Boeing Commercial Airplane Company, and Mr Peter Smith, commercial director of Hawker de Havilland, said in Canberra yesterday that Hawker would be the lead contractor in Australia on behalf of the Australian aerospace industry.

The Australian industry would invest between A\$300m and A\$400m (£181m) on component manufacturing.

Hawker de Havilland would invest between A\$50m and A\$75m in the venture.

Nordic gas network plan revived

By SARA WEBB IN STOCKHOLM

THE NORDIC countries are reconsidering plans for a natural gas network which would link and extend the range of their gas pipelines.

The plans have been revived as the Nordic countries reconsider both energy policy and new markets for natural gas.

The natural gas question assumes greater importance for Sweden, which is committed to phasing out nuclear power by the year 2010 under a government referendum.

Sweden's natural gas network is only in its infancy, consisting

of pipelines from Denmark to Malmö and southern Sweden.

Swedegas, the Swedish gas distributor which is a subsidiary of the state power board, recently held talks with Neste, the Finnish gas and oil company, with a view to reviving plans for a gas pipeline between Gävle, a town to the north of Stockholm, and Nystad in western Finland.

The Swedes want to import Soviet natural gas. The pipeline would eventually link up with the network south of Sweden, while in Finland, the existing pipeline from the Soviet Union

to Helsinki would have to be extended west to Nystad.

The companies have agreed to meet next spring.

The earliest a pipeline could come into operation is 1991. Swedegas estimates that the project would cost between SKr 1bn and SKr 2bn but neither company has decided who should foot the bill.

The Swedes originally dropped the idea of a gas link with Finland when earlier estimates of gas consumption showed that the project would not be cost effective. However, in the wake of the Chernobyl disaster,

US dumping duties on crankshafts likely soon

By Nancy Dunn in Washington

A FINDING by the US International Trade Commission that dumped imports of crankshafts had injured American companies could result in the imposition of countervailing duties as early as next March.

After a preliminary investigation, the ITC last month found imports of crankshafts had been "dumped" from West Germany, Britain and Japan.

In addition, the commission found a "reasonable indication" that allegedly subsidised crankshafts from two Brazilian companies had injured the US industry.

According to the complaint filed by Wyman-Gordon of Worcester, Massachusetts, Crankshaft imports soared by 60 per cent between 1983-85, and in the first half of 1986, had captured more than half the US market.

The ITC said that crankshaft imports, most of which come from Japan and West Germany, totalled about 88.5m lbs in 1985. The Commerce Department will now investigate further. Preliminary decisions are expected on the subsidy case by January and the anti-dumping complaint by March.

French power talks with W German groups

By DAVID MARSH IN COLOGNE

ELECTRICITE DE FRANCE (EdF), the French state utility,

has been interested in looking at the cost of alternative electricity supplies from France to feed their large manufacturing sites on the Rhine.

Electricity is cheaper in France than in West Germany, and is also in relative oversupply because of France's ambitious nuclear power programme.

Neither EdF nor the two groups, however, holds out any hope of reaching an accord on sales because of what the French term "protectionist influence" in the West German electricity supply system.

BASF and Bayer are among the biggest industrial users of electricity in Europe. They

have been interested in looking at the cost of alternative electricity supplies from France to feed their large manufacturing sites on the Rhine.

Electricity is cheaper in France than in West Germany, and is also in relative oversupply because of France's ambitious nuclear power programme.

Although the two chemical companies have made great strides in energy saving, and have also built up their own generating capacity, they have been eyeing the low cost of electricity on the other side of the border.

EdF officials say, that in spite of the attractive difference in prices, there is little or no possibility that German industrial users could draw current directly from France.

EdF has built up its electricity exports to West Germany in the past two years but it sells

only to utilities and cannot conclude deals with individual foreign companies.

One EdF official said yesterday that West German imports of French electricity were likely to level out in coming years, partly because of the German commitment to burn substantial amounts of domestic coal in power plants.

Indonesia may decide next year to buy a nuclear power plant of 650-900 mw capacity, according to Mr Djali Ahimsa, director-general of the Indonesian Atomic Energy Agency, in Cologne yesterday.



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ME

OVERSEAS NEWS

Unwieldy Mozambique fights many battles

Victor Mallet reports on the challenges facing President Chissano

MR JOAQUIM CHISSANO, the Mozambique leader who took over from founding President Samora Machel last month, will have his first chance to tell the world how he hopes to tackle his country's formidable problems when he holds an international news conference scheduled for tomorrow.

The government faces several serious challenges to its authority. In Mozambique, regarded as a vital link in the chain of black-ruled nations stretching across southern Africa, is in the throes of a brutal and widespread guerrilla war and the country remains acutely vulnerable to renewed attacks from South Africa, its powerful neighbour and ideological foe.

To add to his woes Mr Chissano, chosen as president following the recent aeroplane crash which killed Mr Machel, has been put in charge of an unwieldy territory well over 1,000 miles long and prone to both drought and floods.

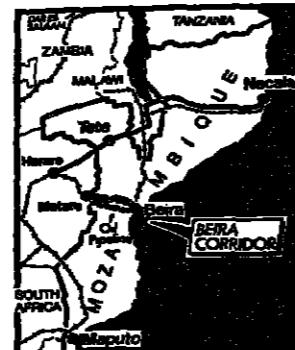
Mozambique's instability is of concern not only to Mozambique but to other countries in the region, especially Zimbabwe. Mozambique's Indian Ocean ports have become the focus of international efforts to provide access to the sea for southern African trade to beat possible retaliation by Pretoria for sanctions against it.

In October donor countries at a meeting organised by the European Economic Community pledged \$1.2 billion (£525m) to help of upgrading the Beira corridor, a road, rail and oil pipeline route from Zimbabwe to the rundown port of Beira in Mozambique.

The narrow corridor across the bush of central Mozambique is defended by more than 6,000 Zimbabwean troops. Zimbabwean Prime Minister Mr Robert Mugabe is committed to protecting his country's lifeline and trying to defeat the rebels of the MNR.

The MNR, in spite of its dubious origins, its apparent unpopularity with civilians and its lack of coherent policies, is a force to be reckoned with. It was founded 10 years ago by the white Rhodesian authorities to destabilise Mozambique which was being used as a rear base for Mr Mugabe's guerrillas in their battle to overthrow Rhodesian Prime Minister Mr Ian Smith.

Nurtured by South Africa after Zimbabwe's independence, the MNR now has some 10,000 guerrillas in Mozambique and is demanding a share in power. MNR forces are repeatedly accused of atrocities against civilians and are said by the Government to have



destroyed 500 schools and scores of health centres. Sabotage and ambushes have disrupted road and rail transport. Since the beginning of the year, when landmines planted on Maputo's main beach brought the war close to the heart of the capital, security south of the Beira corridor has improved. In the remote northern provinces of Tete, Niassa and Zambezia, however, the guerrillas have captured towns, made rural areas ungovernable and turned peasants into refugees.

Mozambican officials and foreign aid agencies accuse the

conservative government of Malawi, the southern tip of which juts deep into northern Mozambique, of helping, or at best turning a blind eye to, the activities of the MNR.

Another problem is the state of the Mozambique army. The 14,000 soldiers are backed by about 800 Soviet advisers, while Britain runs a regular training camp in Zimbabwe for young Mozambican officers. However, morale, sapped by a shortage of supplies, is low among the professional soldiers. Conscripts and troops by day are sometimes suspected of becoming MNR "bandits" by night to supplement their income.

Mozambique is vulnerable to economic pressure as well as to military attacks by South Africa. Much of its foreign exchange comes from the remittances of Mozambican workers in South Africa and South African use of Maputo port, while the south of the country depends on South African electricity supplies.

A western aid official in Maputo said: "Machel's death could not have happened at a worse time. The negotiations are immediately going to be faced with increasingly problems." Not least of these is a shortage of food, caused largely by war in the north and drought in the

south.

The Government estimates that 3.8m people, almost a third of the population, are at risk from food shortages. Aid agencies say accurate data is impossible to obtain but they stress that the Government is not crying wolf. What donors call the "hungry time" starts now, with problems likely to become acute only next year before the harvest.

Three years ago an estimated 100,000 Mozambicans died in a famine. This year there have already been unconfirmed reports of starvation. Thousands of peasants have become homeless "deslocados" fleeing their fields for the relative safety of government-controlled coastal cities or neighbouring countries, including South Africa.

Aid officials speak of people foraging in the bush for the fruit of the baobab tree, wearing gaudy skins for want of clothes and walking 120 miles to collect a Government handout of dried peas.

Government vaccination programmes have been seriously disrupted. There was open fire to decimate the weakened refugee populations. The money economy has virtually collapsed. Bartering a shirt for a chicken or a tin

of sardines for some tomatoes, or using the "candombe", the black market, has become a way of life.

In Tete city, it is estimated that 30 per cent to 50 per cent of children under five show signs of stunting or chronic malnutrition, with 4 per cent to 5 per cent suffering acute malnutrition.

MR Richard Morgan of the United Nations Children's Fund said: "Some of these figures are fairly normal for rural Mozambique. But things could deteriorate very, very quickly in the next few months with no food aid."

The Government, with crop production down and money for commercial imports severely limited, says it needs up to 15 tonnes of grain to make up the food short fall for the next year. Even if it had the grain, however, it would be difficult to transport. Mr Amos Makhanya, director of the department responsible for dealing with natural disasters, says the rebels have attacked and destroyed 19 trucks working on food distribution this year.

The hungry people of Mozambique, he says, "want food, and they want clothes. They are not interested in ideology. Capitalism or socialism means nothing to them."

'People's doctor' murdered in S. Africa

DR FARIAN RIBIERO, a black anti-apartheid activist known to thousands of impoverished South Africans as the "People's Doctor", has been shot dead with his wife, Reuter reports from Johannesburg.

The couple, a previous target of political violence, was shot last night outside their home in Pretoria's black township of Mamelodi.

The Government's Bureau for Information said they were killed by two unknown blacks, who fired about seven shots. The couple died on the way to hospital.

Ribiero had a small surgery at his home and treated many victims of the political violence that has claimed more than 2,000 lives in black townships during the past two-and-a-half years.

His wife, Barbara, was the sister of black nationalist Mr Robert Sobukwe, who led the outlawed Pan Africanist Congress until his death in 1978.

A friend of Dr Ribiero's said that the couple, who were in their 50s, lived in fear of an attack. Their house had been petrol-bombed twice and was virtually burnt to the ground in an attack last March.

Dr Ribiero had prepared an emergency exit in case of further attacks. At his surgery, he treated Mamelodi residents who sometimes chose not to go to state hospitals to avoid being questioned by the police, the friend said.

There had been rumours in the township that he kept a record of those he treated.

Mr Nico Smith, a white Dutch Reformed Church clergyman who lives two houses away, said he was leaving to attend a dinner party when he heard shots outside Dr Ribiero's home. Mr Smith told reporters he saw a red car with a black driver and other occupants with hats covering their faces speed away.

Mr Smith had recently received special permission from the authorities to move into the black-only township to be closer to his church followers. He said Mamelodi was struck by the death of Dr Ribiero, whose family originally came from Mozambique.

Army to control parts of Punjab

By K. K. Sharma

PARTS OF the troubled state of Punjab are to be identified as "disturbed" are to be controlled by the army as part of several measures planned by the state government to restore confidence among the people. The army was put on alert in New Delhi to deal with the Hindu blacklist against Sikh terrorism.

This was announced to Parliament yesterday by Mr Buta Singh, the Indian Home Minister, after a two-day visit to the state during which the Indian and Punjab Governments came under severe attack for allowing terrorist activity to continue unchecked.

The attack came after agitated members from all parties expressed serious concern over the slaughter of 24 Hindu passengers of a bus hijacked by Sikhs in Punjab last Sunday. This was the biggest single mass killing by terrorists since Punjab was thrown into turmoil by secessionists more than three years ago.

Mr Buta Singh also announced that the Punjab Government had arrested two senior leaders of the radical group of the split Sikhs Akali Party as part of a crackdown in Punjab yesterday. These are Mr Prakash Singh Badal, a former Chief Minister, who leads the breakaway group, and Mr Prakash Singh Tohra, the recently-elected president of the Sikhs Temples Management Committee which is the supreme religious body of the community.

Mr Tohra

was elected president of the township that he kept a record of those he treated.

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Manila finally arrests 3-year fall in GNP

By RICHARD GOURLAY IN MANILA

THE PHILIPPINE economy is boosted by a doubling of copra prices in September.

A \$200m emergency employment programme designed to create more than 600,000 rural jobs has yet to boost spending because of delays in implementing projects.

The Government this week raised import duties on a range of goods in order to ease the pressure on domestic industries brought about by the removal of non-tariff barriers.

Mr José Concepcion, Trade and Industry Minister, announced in April that he would raise some import duties when import restrictions were lifted on a number of items following talks with the International Monetary Fund.

President Corazon Aquino has accepted the resignation of two more Cabinet ministers whose names will be revealed today. Mr Teodoro Benigno, the presidential spokesman, said yesterday.

Taiwan turns back dissident politician

TAIWAN refused to allow Mr Hsu Hsin-liang to enter the country yesterday after the dissident politician had landed from a Philippines Airlines flight from Manila, Bob King reports from Taipei.

He was sent back to the Philippines on the aircraft's return flight and was last night being detained at Manila airport pending expulsion to Japan and on to the US.

Mr Hsu had repeated in reverse the route of Mr Benigno Aquino, the Philippine dissident, who was gunned down at Manila airport three years ago after arriving aboard a China Airlines flight from Taipei.

Technically the Government could have arrested Mr Hsu whom it had charged in absentia with sedition several years ago. But it would have risked disruption of elections scheduled for next Saturday.

Israeli court overturns ruling on converts

THE ISRAELI Supreme Court yesterday issued a judgment which could affect millions of Jews worldwide who do not belong to the orthodox branch of Judaism. Andrew Whitley writes from Jerusalem.

The Court overruled the Interior Ministry's insistence on identifying Ms Shoshana Miller, an American immigrant, as a convert to Judaism on her Israeli identity card.

The Ministry had previously lost a legal battle to deny Ms Miller citizenship under Israel's Law of Return on the grounds that she had been converted to Judaism by a Reform rabbi in the US. Reform conversions are not recognised by Israel's Orthodox Rabbinate.

While members of Reform Judaism make up only 9,000 of Israel's 3.5m Jews, they number nearly 4m in the US.



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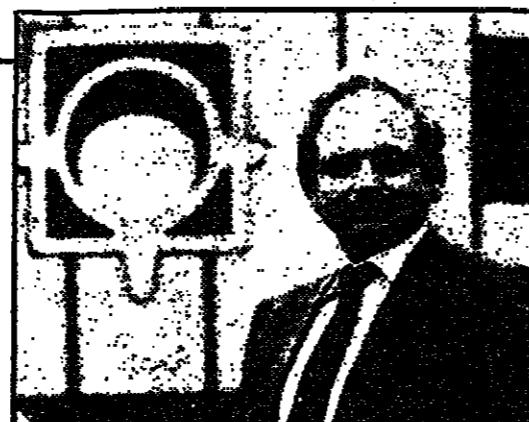
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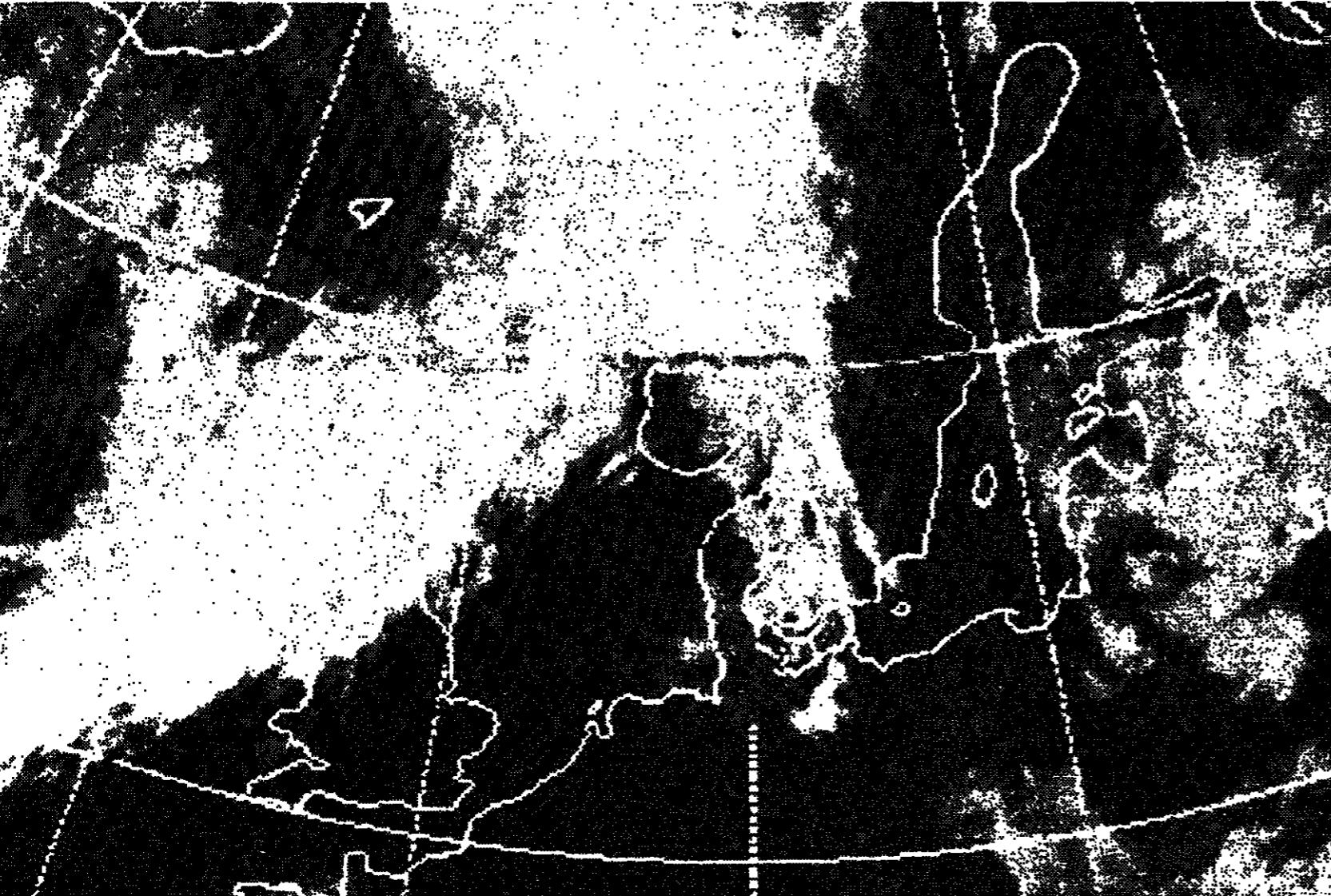
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UK NEWS

Kinnock faces Thatcher freeze on security talks

By IAN OWEN

MRS MARGARET THATCHER the Prime Minister, added a new dimension to her difficult official relationship with Mr Neil Kinnock, the Labour Party leader, in the House of Commons yesterday by suggesting that he will not be invited to participate in any more confidential discussions about security matters.

The Prime Minister indicated her intentions when told by Mr Crispin Owsley (Conservative) that she would have the full support of the government benches if she refused to have any more dealings with Mr Kinnock on matters of national security.

To cheers from the Tory benches

Mr Owsley contended that this departure from convention would be justified because Mr Kinnock had reduced himself to the status of the "mouthpiece" of Mr Malcolm Turnbull, the lawyer representing Mr Peter Wright, the former MI5 (counter intelligence) agent, in the case in the New South Wales Supreme Court, in which the Government is seeking to prevent him publishing his memoirs.

Mrs Thatcher clearly started

many MPs on both sides of the House by replying: "I agree wholeheartedly." The anger on the government benches over the telephone conversations which Mr Kinnock had with Mr Turnbull last week was reflected in a further series of attacks on his decision to consult "the other side" in a case brought by the Government on security grounds.

Mrs Thatcher brushed aside the efforts of Mr Roy Hattersley, the deputy Labour leader, to defend Mr Kinnock - who is still continuing his tour of the United States - and at one point rebuked him for being "mischievous."

Mrs Thatcher maintained that a bipartisan approach to security matters was totally and utterly fundamental to the security of the UK. She said: "The leader of the Opposition has abandoned the fundamental defence policy pursued by his predecessor."

Mr Michael Heseltine, the former Tory Defence Secretary, joined in the attack on Mr Kinnock by suggesting that the Prime Minister

should ask the chiefs of staff to prepare and publish an assessment of the Labour Party's latest alternative to the nuclear deterrent which he soothily described as "digging a ditch from the Baltic to the Adriatic and filling it with slurry."

Mrs Thatcher said that no such assessment was needed from the chief of staff because Mr Kinnock's policy was "crackers."

The Prime Minister again refused to be drawn into commenting on why the Government had not prevented Mr Wright providing information to Mr Chapman Pincher for his earlier book on security services while seeking to prevent him publishing his own memoirs.

Mr Hattersley claimed that this reflected the fact that the authority of Sir Michael Havers, the Attorney General, had been usurped by the Prime Minister. He alleged that Mrs Thatcher had begun to treat the law as if it were her own property and said this explained why Mr Wright had been permitted to sell his secrets to Mr Pincher but not allowed to sell them under his own name.

In the absence of full information from the BBC, the NAO concludes that "there continue to be reservations about the level of efficiency within External Services."

Mr John Tusa, managing director BBC External Services, which broadcasts about 720 hours a week in 37 languages, said the report was "muddled and misleading" and failed to understand the significance of its constitutional guarantees of managerial and editorial independence.

"The danger lurking for us in the NAO report is that, if ever the External Services were or were perceived abroad to be controlled by the Foreign Office rather than the BBC Board of Governors, then our credibility with our audience would be fatally undermined," Mr Tusa said.

Inquiry on BBC world services 'muddled'

By Raymond Snoddy

BBC External Services yesterday attacked a National Audit Office (NAO) report on its activities as a potential threat to its independence.

The NAO, which certifies the accounts of government and other public-service bodies, is seeking the right of independent access to External Services to satisfy parliament "about economy, efficiency, and effectiveness in the use of resources met directly from public funds."

BBC lawyers are arguing the NAO has no such right of access to a body governed by Royal Charter. The NAO said in its report published yesterday that there was no acceptance by the BBC External Services that it should observe the same standards of accountability required of other grant-aided bodies.

In the absence of full information from the BBC, the NAO concludes that "there continue to be reservations about the level of efficiency within External Services."

Mr John Tusa, managing director BBC External Services, which broadcasts about 720 hours a week in 37 languages, said the report was "muddled and misleading" and failed to understand the significance of its constitutional guarantees of managerial and editorial independence.

"The danger lurking for us in the NAO report is that, if ever the External Services were or were perceived abroad to be controlled by the Foreign Office rather than the BBC Board of Governors, then our credibility with our audience would be fatally undermined," Mr Tusa said.

Irish judge rejects plea to ban book

By HUGH CARMODY IN DUBLIN

AN IRISH High Court judge yesterday rejected an attempt by the British Government to have a book of memoirs by a wartime MI5 agent banned from publication in Ireland.

Miss Justice Mella Carroll refused to grant an interlocutory injunction against the book, *One Girl's War*, by the late Ms Joan Miller, sought on behalf of Sir Michael Havers, the British Attorney General, on the grounds that it involved a breach of the contractual duty of confidentiality owed by members of

the security services.

Brandon Books had a right to publish it under Ireland's constitutional guarantee of freedom of expression. It was important that that guarantee was exercised immediately and not after a potentially lengthy court case on the issue.

Miss Justice Carroll ruled that the book, an account of Ms Miller's activities during the Second World War while personal assistant to Maxwell Knight, then head of MI5, involved no breach of private or commercial confidentiality.

Mr Neal Fenney, counsel for Sir Michael, had argued that the preservation of confidentiality was essential to the proper function of security services. If the book was published, it could prompt memoirs from other former agents.

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New Issue
October, 1986

UK NEWS

US business 'united on need to reduce regulatory barriers'

BY DAVID THOMAS AND TERRY DODSWORTH

THE US was working on the draft of an international trade agreement for telecommunications under the terms of the General Agreement on Tariffs and Trade, Mr Geza Felkerty, an adviser to the US Trade Representative, said yesterday.

He told the FT conference on world telecommunications in London that the American business community was unusually united in believing that telecommunications should be a top priority for trade negotiations.

Companies were increasingly elevating the development of their telecommunications capabilities into strategic goals for their businesses. So they wanted to reduce regulatory barriers in pursuing new international commercial opportunities and to establish rules for fair international competition in value-added services.

Telecommunications trade issues most often raised by American business included the attachment of equipment such as modems to the public network; the availability and pricing of leased lines; the conditions attaching to the value-added networks; and whether companies could set up internal communications links using privately leased international satellite circuits.

US trade officials believed a pragmatic solution, reflecting national regulatory structures, had to be found for such problems. However, the US was also working on formal trade agreement on telecommunications markets.

Because markets were moving so rapidly towards the service element in telecommunications, a trend

which gives users rather than suppliers increasing power, "any attempt to set policy will increasingly cripple a country's efforts to take the leadership in technology," he said.

For supplier companies, this evolution of the market would mean that it would become more difficult to compete across the wide range of products. "Weaknesses will have to be covered by a complex pattern of risk-reducing strategic partnerships."

Companies were increasingly elevating the development of their telecommunications capabilities into strategic goals for their businesses. So they wanted to reduce regulatory barriers in pursuing new international commercial opportunities and to establish rules for fair international competition in value-added services.

Optical fibre technology was leading to a revitalisation of international trunk cable systems because optical cables were particularly appropriate for large volume routes, where traffic would be sufficient to use the large capacity available on this sort of equipment.

Communications on smaller volume routes, particularly those connecting one point with several others, were more satisfactorily satisfied by satellites. Hence the Asian traffic to Western Europe was more likely to use satellites while routes across the Atlantic and Pacific oceans were better served by cables.

There was substantial untapped demand for value-added services over public networks as an alternative to private leased lines, said Mr Bell-Dieter Leister, an information processing and telecommunications consultant.

This was because many small businesses did not have enough data communication traffic to justify

FINANCIAL TIMES CONFERENCE

World Telecommunications

Liberalisation was an irreversible trend in Europe, not least because of changes in telecommunications technology. A pressing problem for Europe was the fragmented nature of its markets and industry.

Co-operation between companies on R & D, new products and marketing was necessary because only the very largest telecommunications companies could sustain the effort on their own. This was the reason for CGE's partnership with ITT.

In the medium term, the development of integrated services digital network (ISDN) was crucial to the chances of establishing a truly integrated European telecommunications market, although ISDN would penetrate the European market slowly, with perhaps a 5 per cent coverage by 1993 to 1994.

Reflecting a user's view, Mr Kenneth Phillips, chairman of the New York-based Committee of Corporate Telecommunications Users, said that the provision of telecommunications under governmental, monopolistic control could lead to massive losses in national productivity, particularly in the light of the move to a more service-based economy.

An initial approach to this problem could be services operating with co-ordinated transnational tariffs. The ultimate goal should be for such co-ordinated tariffs to be phased out in favour of open markets.

Liberalisation of US telecommunications has been an overwhelming success, according to Mr Albert Halpin, chief of the common carrier bureau at the Federal Communications Commission.

Liberalisation in the US had led to lower prices, greater use of the telephone network, higher rates of return for telephone operating companies, extra jobs and higher tax revenue.

The General Electric Company, p.l.c.

Interim Report

	6 months to 30th Sept. 1986	6 months to 30th Sept. 1985	Year to 31st March 1986
	£ million	£ million	£ million
SALES TO CUSTOMERS OUTSIDE THE GROUP			
PROFIT BEFORE EXCEPTIONAL ITEM	286	289	705
Exceptional item (a)	11	—	4
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	275	289	701
Taxation (b)	101	105	265
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	174	180	436
Ministry interests	4	4	8
PROFIT ON ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	170	176	428
Extraordinary items less taxation (c)	10	1	25
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	180	177	453
EARNINGS PER SHARE			
On ordinary activities	64p	65p	160p
On profit attributable to shareholders	64p	65p	170p

(a) costs incurred in the period in connection with the Mission Systems Avionics for the AEW Nimrod aircraft. A decision, which will determine whether these costs are recoverable, is expected before the Company's financial year end;

(b) includes overseas taxation £29 million (1985, £20 million);

(c) mainly profits on the sale of land and buildings.

2. EXPLANATORY NOTES

• Satisfactory trading results were achieved by most of the businesses, in particular several of the Marconi electronics companies, the Public Switching Division of Telecommunications, Gas Turbines and Hotpoint.

• Private venture research and development spend was £12 million higher than in the same period last year.

• Continuing restructuring and re-organisation costs were incurred.

• A strike of 17 weeks took place at Paxton Diesels, which centred on work practices, estimated to have lowered profits by £4 million in the period.

• There was a reduction during the month of September of £10 million in the market value of the Company's holdings of short dated Government Securities.

3. DIVIDEND

The Directors have declared an interim dividend on the Ordinary Shares of 150p (1985, 140p) per share payable on 31st March, 1987 to shareholders on the register at the close of business on 12th February, 1987. The cost of the interim dividend is £40 million (1985, £37 million).

4. OTHER INFORMATION

(i) Principal activities for 6 months to 30th September	Profit before Tax 1986 £ million	Turnover 1986 £ million	Profit before Tax 1985 £ million	Turnover 1985 £ million
Electronic Systems & Components	77	916	877	777
Telecommunications & Business Systems	31	33	350	348
Automation & Control	22	20	228	220
Medical Equipment	9	9	194	199
Power Generation	22	29	324	303
Electrical Equipment	20	19	333	377
Consumer Products	16	14	179	154
Distribution & Trading	6	5	104	108
Other Activities	(2)	(2)	39	40
Income receivable less interest payable from loans, deposits and investments	69	80	2,677	2,636
Intra-Group sales	270	285	166	174
Associated Companies	270	283	2,511	2,462
Territorial Analysis				
United Kingdom	145	155	1,338	1,251
Rest of Europe	24	16	315	258
The Americas	25	26	441	464
Australia	4	4	105	115
Asia	2	3	387	345
Africa	1	1	91	103
201	205	2,677	2,636	

(i) Total Order Book outstanding at 30th September

(ii) Exports from the United Kingdom

(iv) Net cash and short term investments

(v) The interim results for the 6 months to 30th September, 1986 and 30th September, 1985 are unaudited. The results audited report and which have been filed with the Registrar of Companies.

(vi) Copies of this report are being sent to shareholders and are available to the public at the Company's Registered Office, 1 Stanhope Gate, London W1A 1EH.



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APPOINTMENTS

Eagle Star senior posts

Mr L. A. Agius, at present a general manager, will be appointed to the board of EAGLE STAR INSURANCE CO with responsibility for UK general insurance services; Mr A. M. Heath, at present a director of British American Tobacco Co, will be joining the board of Eagle Star with responsibility for general marketing services; both from January 1. Mr H. C. J. Vines and Mr J. Szczepanek, both executive directors, will be retiring.

Mr R. A. Nigel Henley has been appointed managing director of JAMES CAPEL BANKERS, the UK merchant bank of the Hongkong Bank Group. He joined the group in 1985 as director, capital markets, of Wardley, its Hong Kong merchant bank. He succeeds Mr Rick Smith, who has left the group.

Sir Richard Cave will be retiring as chairman and from the board of VICKERS on December 31. Sir David Plastow, chief executive, will assume the additional office of chairman from January 1.

Mr F. Grant, a director since 1983, has been appointed deputy chairman of NATIONAL EMPLOYERS' MUTUAL GENERAL INSURANCE ASSOCIATION.

Mr Charles Spratt has been appointed chief executive of the confectionery companies in the UK owned by the Huhtamaki Group. Finland - CHILTERN CONFECTIONERY and LEAF (UK). He was managing director of Barker and Dobson.

Mr Michael Reid has been appointed managing director of UNITED TRANSPORT DISTRIBUTION, a member of the UK and European arm of BET's subsidiary, United Transport International. Mr Reid, who takes up his appointment in January, is operations director of Watney Mann National Sales.

Mr Keith Fox has been appointed managing director of JEAN SORELLE, a part of Kingsgrange Products. His appointment is from January 1.

SMITH NEW COURT has appointed Mr Adolph Woof as compliance officer. He was previously a senior partner with R. Layton and Co, a member of the council of the Stock Exchange and chairman of the disciplinary and membership committees.

Mr Kenneth G. Berry, formerly of Eso Europe, has been appointed general manager of the OIL AND PIPELINES AGENCY'S land pipelines department from December 15. He succeeds Mr John H. Hall who will be retiring in January.

Mr David T. Wood has joined BANKERS' TRUST INTERNATIONAL as a vice-president in the project finance group. He was director of international sales for Wimpey Engineering.

Mr Dennis Keys has been appointed to the board of BEJAM FREEZER FOOD CENTRES. He will lead the information services division and be responsible for the development of computer systems.

Mr Philip Douglas is joining ALLIANCE CAPITAL as a senior vice-president - Alliance Capital Management Corporation and managing director - Alliance Capital Management International. He joins Alliance from Morgan Grenfell Asset Management.

SHEPHERD CONSTRUCTION has elected Mr Brian Richardson a director. He was regional manager, Leeds and north western region and retains these responsibilities.

YORK TRUST has appointed Mr Robert Wilson as executive director, responsible for corporate finance. He was a director of Jardine Fleming.

FIRSTLAND OIL & GAS has appointed Mr T. C. Gibson as a director.

Mr Stuart D. Hollander is to join the board of MUNTON BROTHERS, as non-executive vice-chairman. Mr David McCracken has joined the company as an executive director, and Mr John A. Armstrong also becomes an executive director.

Mr Paul Redfern has been appointed managing director of SALVESEN BRICK. He was production director under Mr Jan Ferera, who died earlier this year.

Mr Jack Shepherd has joined the board of SPIRAX-SARCO

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THETFORD CORPORATION v
FIAMMA SpA
Court of Appeal (Lord Justice Fox, Lord Justice Stephen Brown and Lord Justice Parker) : November 27 1986

EXEMPTION OF patented industrial or commercial property from the prohibition on imports within the EEC may be subject to the relevant invention being novel; and defences based on lack of novelty are therefore arguable in a patent infringement action and should not be struck out pending clarification of the point by the European Court.

The Court of Appeal so held when allowing an appeal by Fiamma SpA, Italian manufacturers, from Mr Justice Falconer's decision to strike out certain of their defences to an action by Thetford Corporation, owner of two UK patents, for alleged infringement.

Article 30 of the Treaty of the European Economic Community provides: "Quantitative restrictions on imports and all measures having equivalent effect, shall... be prohibited between member states."

Article 36: "The provisions of articles 30 to 34 shall not preclude... prohibitions on imports... justified on grounds of... the protection of industrial and commercial property."

Lord Justice Fox said that Thetford sued Fiamma for infringement of the two UK patents. The articles were portable toilets manufactured in Italy by Fiamma and imported into the UK. They were not patentable in Italy.

Paragraphs 5 to 8 of Fiamma's defence were based on the EEC

FT COMMERCIAL LAW REPORTS

Patent questions to be referred to European Court

Treaty and contended inter alia that any relief granted would be a quantitative restriction on imports or measure having equivalent effect within the meaning of article 30; that if Fiamma had infringed the patents which was denied, relief was prohibited by article 30 and was not justified by article 36; and that it would not be possible to obtain valid protection in other EEC states with the possible exception of Ireland, because the inventions were not new and were clearly obvious.

Thetford applied to strike out paragraphs 5 to 8 on the ground that they disclosed no reasonable cause of defence. The judge acceded to the contention and struck them out.

It was not in dispute that the relief sought in the action would constitute a quantitative restriction on imports or a measure of like effect, and would therefore be contrary to article 30.

Thetford must therefore establish that relief was justified for the protection of "industrial and commercial property" within the meaning of article 36.

Two questions arose in the action in relation to the EEC defences. First, were the patents industrial or commercial property within article 36? If they were, what restrictions on trade were justified for their protection?

Fiamma accepted that most

patents could properly be regarded as industrial or commercial property, but asserted that those in the present case were not within the protection of article 36 because they were not granted in respect of novel subject matter.

It further contended that in EEC law the purpose of a patent was to reward an inventor for an invention which was new and involved an inventive step. The patents in issue, it was said, could not effectuate that purpose since there was no

novelty. The position, said Fiamma, was that the Patent Act 1977 and the European Patents Convention 1973 required that a patentable invention should be novel and the case law of the European Court made it clear that the specific object or part of the specific object of industrial property was to reward the inventor for his creative effort.

The standard was not very high and Fiamma satisfied it.

There was still no direct decision of the European Court on the principles involved. The requirement of novelty was in general terms important in European and UK patent law and, if Fiamma was right, the devices in the present case lacked novelty.

It was true that the subject matter of the patent was stated to be the guarantee of the exclusive right of first placing the product on the market. But in the authorities that appeared to be linked with the proposition that the guarantee was to reward the inventor for his creative effort.

It would not be necessary if, as Thetford contended, the patents were within the protection given by article 36. Thetford therefore contended it was not patentable in other EEC states as it was not material (see

Merck [1982] FSR 57); some discretion must reside in the member state as to the precise ambit of its requirements regarding proof of novelty and invention.

Those were substantial arguments which might in the end succeed. But all that the present appeal was concerned with was whether Fiamma, in paragraphs 5 to 8, disclosed reasonable grounds of defence. If it did, it was entitled so to plead and to have the matter determined.

The standard was not very high and Fiamma satisfied it.

There was still no direct decision of the European Court on the principles involved. The requirement of novelty was in general terms important in European and UK patent law and, if Fiamma was right, the devices in the present case lacked novelty.

It was true that the subject matter of the patent was stated to be the guarantee of the exclusive right of first placing the product on the market. But in the authorities that appeared to be linked with the proposition that the guarantee was to reward the inventor for his creative effort.

In *Phormon v Hoechst* [1986] FSR 108 the European Court said: "The substance of a patent right lies essentially in according the inventor an exclusive right of first placing the product on the market in order to allow him to obtain the re-

ward for his creative effort. It is therefore necessary to allow the holder of a patent to prevent the import and marketing of an arguable case."

For the purposes of the present application it was assumed that Fiamma was correct in its assertion that the alleged invention was not new and was clearly obvious. On that basis, and bearing in mind that there was no direct authority on the point in the European Court, Fiamma disclosed an arguable case.

The action should not, however, simply be allowed to proceed once on its ordinary course. The interpretation of the old specification and the prior art generally might be considerable and expensive undertaking which should not be embarked on unless necessary. If Thetford was correct as to EEC law, it would not be necessary.

The question of law would therefore be referred to the European Court. The appeal was allowed.

Lord Justice Stephen Brown and Lord Justice Parker agreed.

By Rachel Davies
Barrister

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TECHNOLOGY

Be it UK market makers dealing with New York as they drive home, or circus folk taking bookings on the road, mobile data is becoming part of business life. Meanwhile, sophisticated pagers have put paid to the image of the boring old beeper.

In the second of this series, David Thomas examines the spread of these technologies.



Data traffic breaks into show business

THE AMERICAN Circus in Britain so-called because of its US-style three-ring show, has a particular problem keeping in touch with the outside world as its wagons trundle around between venues.

It is solving that problem by becoming one of the first businesses in the country to send data over the cellular radio phone network. The circus has a modem (a device for converting digital computer data into analog phone signals and back) in its administrative trailer, linking its computers to Racal Vodafone, one of Britain's two cellular networks.

Ian Burtson, the circus's administrative director, explains how his life is made easier between mid-March and mid-November, when the circus is on the road: "We can now do what people with a fixed phone have been able to do all along, like send and receive telexes."

Besides sending telexes via Telecom Gold, the American Circus also uses the cellular data system to take bookings and deal with its base in Lincolnshire. Mr Burtson is looking forward to when more local authorities are on Telecom Gold and when his bank is able to do business with him over his computer, so he can use mobile data even more intensively.

Most businesses' need to send data over a mobile phone system is not quite so pressing. But many can think of ways it would help once they realise that mobile data transmission is now feasible.

Wood Mackenzie, Stock Exchange market maker, is about to start trials with BT Mobile Communications, which supplies Cellnet, the other cellular operator in the UK. John Grant, Wood Mackenzie's head of communications, explains mobile data's potential benefits.

"It will allow senior market makers who live quite a way from London to keep in touch with the American markets as they travel home," he says.

Some senior executives already use their cellular phones to give buying and selling instructions to New York on their homeward journeys. Mr Grant says, but they could do so more confidently if they also had a small terminal in their car, allowing them access to basic market data.

On the Vodafone and Cellnet systems, users of mobile data can key in to both their company's own computer on its private branch network and to public data services, such as electronic mail, in the packet switch stream.

Besides electronic mail, telex, videoconferencing, database searches and updates, and facsimile are among the services in principle available to executives in their cars. Salesmen need no longer return to their offices before doing their paper work.

The "office of the future" that cliché of the information technology revolution, could assume a new meaning — not the paperless office, but the mobile office.

BT Mobile Communications quotes from about £700 for the inherent difficulty, known as

combined cost of the data equipment in the car and from about £550 for the office equipment.

The Swedish authorised cellular radio phoners have just launched a data service called Mobitex, initially with coverage limited to places such as Gothenburg and Malmö. They project 6,600 customers by the end of next year and 75,000 after 10 years.

In Britain, the cellular operators say that maybe 10 per cent of their customers will use data. Others think they might have to struggle to reach even that target.

Communications and Information Technology Research, in a new report, asked 512 users of, or potential users of, cellular about their need for mobile data services. More than two-thirds replied they would have no need for mobile data, while only 6 per cent said they would use the services a lot.

If potential customers are not put off by these costs, many are likely to be nervous about the technical reliability of mobile data. There are grumbles from cellular users about poor quality reception and interruptions to calls on the cellular voice services, particularly in the deepest parts of cities like London. Such gremlins could be disastrous to the flow of data, especially since sending data over a cellular network throws up distinctive

fading, which arises from the playout of signals arriving from the receiver. With voice this fading can result in anything from a background swishing sound to unintelligibility; with data, the effect of such distortions could be more dangerous.

The combined impact of these breaks to signal continuity and of a mixed environment of weak and strong signals is an error rate on mobile data of up to one in 50, typically 2,000 times worse than the error rate experienced using conventional modems on the public network.

The cellular operators say they have anticipated and dealt with these problems through ingenious methods. These methods include correcting for errors in advance, breaking up a bit of information and distributing it over the whole of a transmission and building in the capacity for the re-transmission of data. Thanks to these techniques, Vodafone says it can maintain data throughput at between 120 and 135 characters a second.

However, more users are needed before it will become certain just how reliable mobile data really is. Only then could the concept of the office of the future take on a new meaning.

• Last Wednesday's page looked at cellular phones. Next week this series concludes by examining private radio networks and the impact of mobile communications on the way business is conducted.

Versatility sets tone for wider use of pagers

PAGING USED to be seen as a dull service. Spotting the embarrassment of users when their beeps started up at inappropriate moments was about the only exciting thing about it.

That image is now out of date. Several factors are combining to bring fundamental changes to paging services.

Demand is growing fast. The number of pagers in use in the UK will more than double from 580,000 last year to 1,115,000 in 1989, according to a recent report from MZA, a specialist marketing consultancy.

Moreover, the dynamism in the market is being supplied by the more wide-ranging wide-area pagers, rather than by on-site pagers, the use of which is restricted to a particular workplace, like a hospital. Use of wide-area pagers is growing at 27 per cent a year, as compared with 12.5 per cent a year for on-site pagers, says MZA.

The combined impact of these breaks to signal continuity and of a mixed environment of weak and strong signals is an error rate on mobile data of up to one in 50, typically 2,000 times worse than the error rate experienced using conventional modems on the public network.

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However, more users are needed before it will become certain just how reliable mobile data really is. Only then could the concept of the office of the future take on a new meaning.

At present, about 65 per cent of BT Radiopaging customers and about a half of Air Call customers use tone-only, according to the two operators.

The growth of paging is being fuelled by its relatively cheap costs when compared with other, admittedly much more powerful, forms of mobile communications, such as cellular. A challenge facing paging operators, however, is that of new entrants to the market. Four companies have held wide-area licences: BT Radiopaging, Air Call, Digital Paging and Inter-City Paging.

The Department of Trade and Industry has decided they are to be joined by five new competitors: a consortium of Air Call, Digital Paging and Inter-City Paging; a joint venture between Mercury Communications and Motorola; Racal; Infowave; and Millicom.

The agreement will link KTM's strong background in production engineering, machining cells and systems with Rockyns' experience in manufacturing control and automation. One aim is to eliminate any interfacing or compatibility problems associated with linking manufacturing cell control software to business systems.

COMPUTER COMPATIBILITY PROBLEMS?
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Molecular mechanics get help from US

By Geoffrey Charish

BATTELLE'S PACIFIC Northwest Laboratories in the US is to offer licences for its CAGE-GEM software development which gives computer-aided design and analysis facilities to genetic engineers.

Battelle's Dr Richard Douthart claims that CAGE-GEM presents genetic engineers with a level of expertise "that was previously unattainable".

The system allows users to generate colour graphics displays of complex molecular structures, sometimes involving thousands of components.

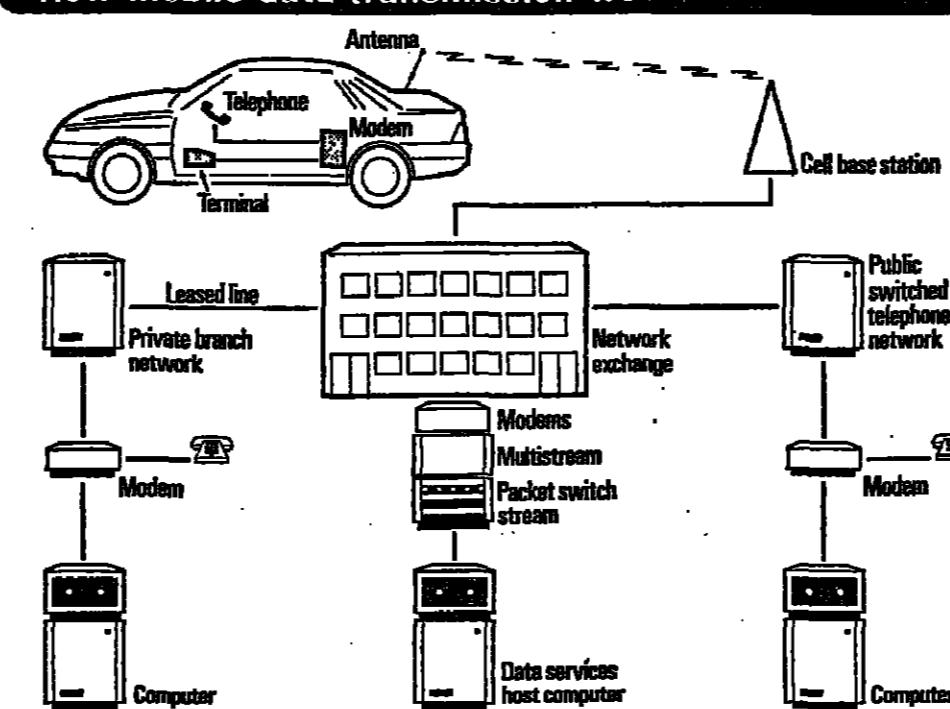
One facility is cloning simulators, in which highly complex genetic structures can be designed, analysed, and modified at the terminal, using the rules of genetic engineering. Thus, experiments can be analysed before they are performed, saving time and money.

Computer backing for UK machine tools

KEARNEY AND TRECKER, a leading UK advanced machine tool builder, is to develop computer-integrated manufacturing solutions jointly with Rockyns, the London computer services company.

The agreement will link KTM's strong background in production engineering, machining cells and systems with Rockyns' experience in manufacturing control and automation. One aim is to eliminate any interfacing or compatibility problems associated with linking manufacturing cell control software to business systems.

How mobile data transmission works

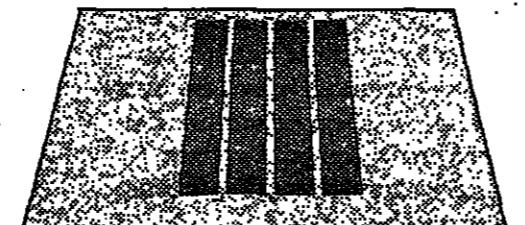


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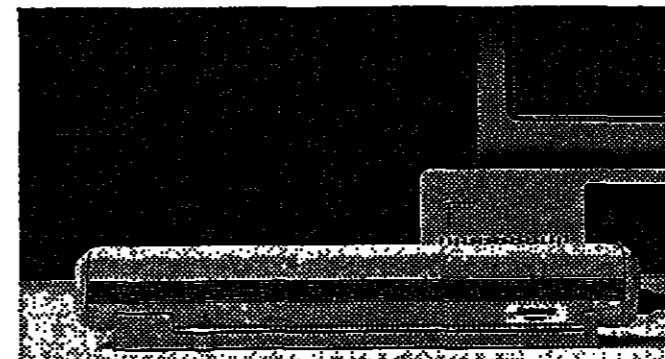
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A special software package called StripMaker™ enables most popular dot matrix printers to print Softstrips. And a package for laser printers will soon be available.

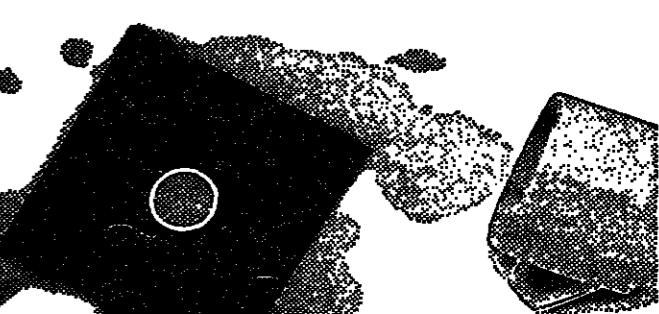
Original strips can be photocopied, or should you want to prevent a strip from being copied, simply add another colour across the strip. You can also protect a strip from being read by adding a security code.

What will your business make of Softstrip?

Whatever you want — the applications are virtually endless. You could probably come up with half a dozen ideas of your own.

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A JOINT VENTURE OF CALZIN SYSTEMS, INC. AND EASTMAN KODAK CO.

WHEN Roberto D'Alessandro returned to his native Genoa 33 months ago to try to save the port which was once a major force in Mediterranean shipping and the pride of Italy, the situation could not have been worse. The 51-year-old D'Alessandro, a former marketing manager at Zanussi, Pirelli and Fiat, became chairman of a port authority which in retrospect he describes as: "A distorted, crumbling, disorganized, confused, absolutely shocking."

Indeed, for once there can be no charges of Italian hyperbole: the State-run Genoa Port Authority in February 1984 was truly in chaos. Among the problems were the following:

- The port authority had been without a chairman since the departure during 1983 of a philosophy professor who had faced two years of squabbling over port policy among politicians in the city of Genoa, region of Liguria and Rome Government.

- There had been no new investment in the port for 15 years.

- The port was effectively in the hands of a Communist-influenced workers' co-operative which accounted for the bulk of 8,000 dock labourers. Labour strife was chronic and the old "gang method" of working the docks meant that most workers were on full pay and actually working only six days per month. The situation has been described as "just like Marlon Brando's film *On The Waterfront*."

- The port had £500m (\$360m) of accumulated losses and debts.

- The port's business was draining away to Marseilles, other Italian ports and northern European ports such as Rotterdam, Antwerp, Le Havre and Hamburg.

- The port's annual deficit was equivalent to more than 20 per cent of turnover.

- Tariffs were constantly being boosted by labour demands and were well above more modern and containerised competitor ports.

D'Alessandro, a friend of Prime Minister Bettino Craxi and former mayor of the Ligurian resort of Portofino, was not enthusiastic about the job. "I took this post because the Prime Minister telephoned me and asked me to come and clean up the mess," he recalls, adding that he has had no other commitments from the Rome Government.

D'Alessandro's aim was quite simply "to run the port like a private company, along private sector management lines." He recruited top executives from the private sector and formed an executive staff of four key



THE GENOA PORT AUTHORITY

Year	Loss (profit) (lbs of lire)	Total workforce	
		Port Authority	Co-operative
1984	46.8	2,226	4,144
1985	21.8	2,583	3,718
1986	29.3	2,450	3,287
1987 (est)	+6.8	1,000	2,200

Source: Genoa Port Authority

Getting to grips with a port in a storm

Alan Friedman reports on a transformation taking place in Genoa

aides — a financial controller, an industrial co-ordinator, a strategic planner and a marketing manager.

These four executives report directly to the chairman, who acts as chief executive officer.

Below the top circle of executives is an administrative staff of 150 people.

New managers were brought in from Piaggio, the motorcycle company, Alitalia, the airline, Continental Grain of the US, Italimpianti, the plant engineering contractor, and elsewhere.

"My goal is to make sure we think like a private entity, with precise objectives, a five-year strategic plan, close attention to budgeting and cost control. We must earn profits and then re-invest them in the port," explains D'Alessandro.

Once settled inside the elegant 18th Century headquarters of the Port Authority — the imposing Palazzo San Giorgio — the determined D'Alessandro did not waste much time. He made a list of the problems within a week and by the end of 90 days had prepared what has now come to be known as the famous "blue book," a comprehensive (and expensive) plan to restructure the port — in terms of finance, management, services, technology and even share ownership.

"He took what was essentially

a loss-making battleground for politicians and unions and began running it along the lines of a private sector company," comments one Genoese shipping veteran.

From the way he tells the story, the reorganisation was not easy. Aside from bitter negotiations which have since led to drastic cuts in the workforce of both the Port Authority itself and the large workers' co-operative, D'Alessandro found it daunting to introduce normal company practices.

"I told my people we would be introducing monthly budget controls and we would use modern on-line computer communications for this. Getting those public employees to do monthly budgeting was like getting Buddhist monks to become Jesuits," he says.

The plan was nothing less than a transformation of the port, and a key element was the partial privatisation of the port by setting up 11 companies which are 49 per cent privately owned. These handle containers, conventional cargoes, cruise and ferry terminals, the airport, the oil docks, ship repairs, the clearing centre, maintenance, telecommunications and finance, either directly or by sub-contracting some of the work.

The privatisation moves

brought in only £37bn of private sector capital, but more important, the private sector was for the first time involved in the port business. The old families of Genoa, for the most part stayed by and did nothing according to D'Alessandro. An aide says that the diffident old families doubted that the Prime Minister's hand-picked man would have much luck. "Under the circumstances, and this being Genoa, the fact that the old establishment did nothing was equivalent to a bear-hug of support," confides one Port Authority executive.

D'Alessandro moved fast to eliminate old debts. This has been achieved by the government cancelling some debts, by cash flow and by raising £334m of fresh medium-term capital to finance his investment programme.

The reduction in the workforce, which will see the Port Authority's own staff cut by

one-third to 1,000 workers by next year, has cost the State £1,000m in redundancy payments.

In addition, D'Alessandro embarked upon an aggressive international marketing campaign to bring back customers. He froze tariffs at 1983 levels. So far he has travelled to China, the Soviet Union, India, Taiwan, Britain, Scandinavia, the Netherlands, Israel, the United States, the Middle East, Switzerland and of course to his home markets in Milan, Turin and other parts of Italy which had deserted Genoa in favour of La Spezia, Savona, Livorno and Marseilles.

The results are heartening: traffic in both container and conventional cargo is up 36 per cent on 1983 levels, the Port Authority will break into a nominal net profit for the first time next year, and the first and second signs of co-operation again. There have been no strikes for two years at Genoa and D'Alessandro's managers say they are beginning to take pride in the port — this is not as surprising as it seems since only 15 of the authority's 80 per cent of managers remain from the pre-D'Alessandro era.

The Genoa port chairman makes no apologies: "Most of the old crowd got the chop. The old managers heard my plans and I might as well have been speaking Chinese. They knew they were finished and I got rid of them," he recounts.

D'Alessandro, who commutes each weekend to his family home in Milan, is full of tough talk about the need to increase efficiency and services still further. His plan to build a new container port 13 kilometres east of the old one, at a future cost of more than £500m, is designed to make Genoa a leading Mediterranean port once again. To accomplish that, it is not enough to double container capacity from 450,000 teus (the measure is based on equivalent units of 20 ft containers) to 1m by 1992.

"The message for those managers and workers who remain is that they must work much, much harder. We have to change the way of thinking here. It is a question of efficiency," says the chairman.

Genoa is still not as competitive with Marseilles and Northern European ports as it should be — and D'Alessandro admits as much. But he appears a rather driven individual, working 12-hour days and expecting his staff to do the same.

"We are near to success, very near," he proclaims with the satisfaction of a company doctor.

If Roberto D'Alessandro has his

way, the patient, now out of intensive care, will soon be discharged from hospital.

Investment responsibility

A tilt at the shortsighted British institutions

Geoffrey Owen talks to Lord Benson



HIGH MARKS for the clearing banks, which have done much better since 1975, low marks for the institutions, which, with a few exceptions, have not come to terms with the responsibilities that flow from their ownership of 60 per cent of Britain's listed equity.

This is the view of Lord Benson, reflecting on the relationship between the City and industry after nearly 80 years of close observation and involvement. Lord Benson was senior partner of Coopers and Lybrand, the accountants, until 1975 when he retired. Between 1975 and 1983 he was industrial adviser to the Governor at the Bank of England, where he was intimately involved in helping to solve some of the famous corporate crises of that period.

I doubt whether the institutions have really realised the tremendous responsibilities they now hold. They ought to be well informed about the companies they invest in and base their policies on two factors — first, the long-term plans and strategies in the different sectors and industries; and, second, the strength and position of the management."

The institutions, he believes, need to look more closely at market share, research and development expenditure and all the other factors which affect long-term performance. "Earnings per share are not the most important factor."

The institutions, he believes, the investment treat industry too much as a set of financial counters, with the emphasis on short-term results. "The trustees of pension funds are just as much to blame, because they judge the fund managers on short-term results."

In passing he notes the disproportionate share of the best young talent going into the professions and the City rather than industry.

This is a complete reversal of

some recent takeover activity in the period immediately after the war when accountancy firms like Coopers could not compete with the salaries offered by industry. He thinks the change may be due to the long period

of industrial drawing and

up to the magnitude of their responsibilities."

put forward the names of suitable directors to take over or strengthen troubled companies.

"We had some assistance from the banks, but the institutions gave us little help in this respect."

Part of the trouble, he thinks, is that fund managers are not close enough to industry. A model here was his friend Lionel Fraser of Helbert Waggs (now Schroders) who never acted for a company until he had been to the works, lunched in the canteen with the directors and got a feel for the business.

The institutions, he believes, the investment treat industry too much as a set of financial counters, with the emphasis on short-term results. "The trustees of pension funds are just as much to blame, because they judge the fund managers on short-term results."

In passing he notes the disproportionate share of the best young talent going into the professions and the City rather than industry.

This is a complete reversal of

some recent takeover activity in the period immediately after the war when accountancy firms like Coopers could not compete with the salaries offered by industry. He thinks the change may be due to the long period

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While he wants to see a closer understanding between the City and industry, he does not favour merchant banks putting their own men on the boards of client companies. Such appointees tend to become too closely identified with the management and often fail to take an independent view of long-term prospects.

If he is disappointed with institutional investors, he believes that there has been a big improvement among the banks.

"Ten years ago they seldom talked to each other, and very often there was no lead bank. Every finance director thought he was being clever if he could find a bank to lend him money at 1 per cent less — that was usually the bank that was the first to run away when anything happened."

Under the leadership of the

Bank of England the banks are themselves better organised to help in crises, setting up special units for dealing with problem cases and putting some of their best managers in charge of these units. Moreover, the banks are now much quicker to spot signs of trouble. That was not the case in the mid-1970s when Lord Benson's unit at the Bank of England often had to alert a sceptical clearer to the dangers in one of its client companies.

Lord Benson's technique at that time was straightforward enough. His staff analysed all industrial companies with a turnover of more than £20m and plotted a number of ratios over a four-year period — debt equity ratios, return on capital employed, ratio of stocks to turnover and so on. It was soon evident which companies were in a dangerous situation — sometimes a quiet word with the chairman of the company concerned was enough.

Industry today is in a far stronger financial position than it was when Lord Benson was working at the Bank, but the lessons he learned during that period are still relevant. In particular, he feels that the institutions have still not woken up to the magnitude of their responsibilities.

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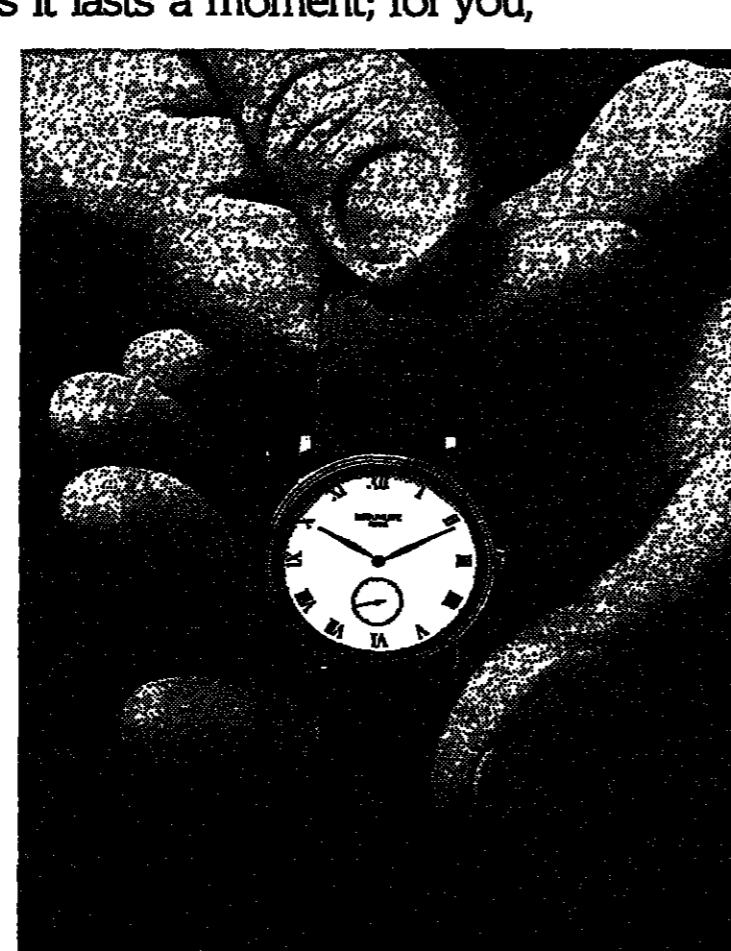
tions of experience, it will

be this: choose once but

choose well.

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Wednesday December 3 1986

Leyland seeks a partner

ONCE AGAIN the British Government is seeking a buyer or partner for Leyland Trucks, the commercial vehicle arm of the state-owned Rover Group. It is very much to be hoped that, in contrast to last year's abortive negotiations with General Motors, this latest effort is not frustrated by an outburst of misplaced nationalism; the fact that talks this time do not include the Rover Group may make it easier for an agreement to be reached. It has not been clear for long time that Leyland Trucks is too small to survive profitably in the world truck industry; it needs bigger volume to secure economies of scale in manufacture and it needs access to a wider market. Of the two companies which are now interested in Leyland, Daf of the Netherlands seems the more likely to provide the kind of partnership which is needed; the other, Paccar of the US, though a successful and profitable business, operates mainly in North America (apart from its UK chase of Ford in the UK) and would not provide strong support in what ought to be Leyland's natural sales area, continental Europe.

The decline of Leyland, which 20 years ago ranked higher than Daimler-Benz in Europe's league of heavy truck producers, is a sad story of inadequate investment and missed opportunities. One of Leyland's weaknesses, which it shared with a good many other British exporters, was an excessive dependence on a handful of distant, often ex-colonial territories such as Nigeria and a failure to establish a sales or manufacturing presence in continental Europe or in North America. The result is that even in at least two of the markets which used to be Leyland's special strength, it is now a minnow compared to the European leaders such as Daimler-Benz of Germany, Volvo and Scania of Sweden and Renault of France. Several of these companies are now well-established in the US.

Broadened deal

As Leyland's sales volumes have declined, it has become increasingly questionable whether it could afford to develop within its own organisation the key components such as engines, gearboxes and axles; it already makes extensive use

Milk monopoly under threat

YESTERDAY'S European Court ruling on Britain's dairy pricing arrangements could hardly have come at a worse time, either for the UK Government or for the Milk Marketing Board—the dairy farmers' co-operative which has a monopoly on milk in England and Wales.

The Government, preparing to host an EEC summit in London this week, are presented with a further option to liberalise intra-Community trade, stands convicted of condoning a nationalistic cartel which has contravened the Treaty of Rome and which discriminates against dairy producers in other EEC countries.

Different prices

For the milk board, the judgment by the Luxembourg court is merely the latest in a multitude of problems. Apart from its legal battles, it is faced with a declining market for its products; forced reductions in its supply of raw materials as a result of milk quotas; the threat of stiff competition from liquid milk imports; and an acrimonious battle with independent dairy companies over the status of its manufacturing subsidiary, Dairy Crest Foods. Some of these problems have been well resolved, and there is little sign that the board has yet fully faced up to the consequences of any of them.

The immediate case before the European Court revolved around the board's byzantine methods of pricing milk for manufacture into butter and skimmed milk. The court decided that selling milk at different prices depending on the use of different ingredients was to be prohibited as the board was breaking EEC rules.

This might appear technical, even academic; the board maintains that the system at issue was discontinued nearly three years ago, following strong pressure from Whitehall. But the EEC Commission insisted on discarding pricing laws since been resurrected under another name. And the Luxembourg decision could undermine the board's entire hierarchy of prices—which is one of the devices by which it defends producer power and which depends entirely on making different charges for the same product.

The case has broader ramifications. It provides the clearest demonstration, which

of engines supplied by Cummins, the independent US engine manufacturer. There is a view that the world truck industry is being polarised between the big, international and vertically integrated truck manufacturers such as Daimler-Benz and Volvo, which make most of their own major components, and the assemblers, relying heavily on bought-in components and serving mainly a local or regional market.

Unlike Big Bang, which was triggered by the abolition of fixed commissions on securities trading, there has been no single catalyst for the changes which are now sweeping through Tokyo. Instead, there has been a whole series of often minor changes to the rules which, taken together, add up to something which could be at least as radical as the City revolution.

Treasury officials in the US and Europe still chafe at what they regard as Japan's over-cautious approach to financial liberalisation. But on the ground, things look different.

"Two years ago, everything here was banned until it was specifically permitted," says one US investment banker. "Now, precisely the reverse is true."

According to another, "It's no longer a carefully managed programme of reform. It's a mad slide."

Credible contender

Labour MPs in the House of Commons yesterday expressed fears about nationalisation and job losses in the event of a deal between Leyland Trucks and a foreign company. But this is inevitable in an industry which, despite recent closures, still suffers from considerable overcapacity. The dire state of the business is reflected in the withdrawal of General Motors' Bedford subsidiary from the British market (of which it had a 10 per cent share) and in Ford's decision to put its UK truck interests into a joint company with Iveco.

To make a political issue of continued British ownership of Leyland Trucks would be unhelpful for the company and for the people employed in it. A deal with Daf, even an outright sale, might not be a perfect solution, but the Dutch company is a credible contender in the European heavy truck market. While it clearly lacks the financial resources of a General Motors, it does have the great advantage of a real commitment to the truck industry, as indeed does Paccar. It is at least possible that a combination of two specialist producers, making full use of joint ventures with other truck manufacturers and with component suppliers, will create a business which can hold its own in an extremely difficult and competitive market.

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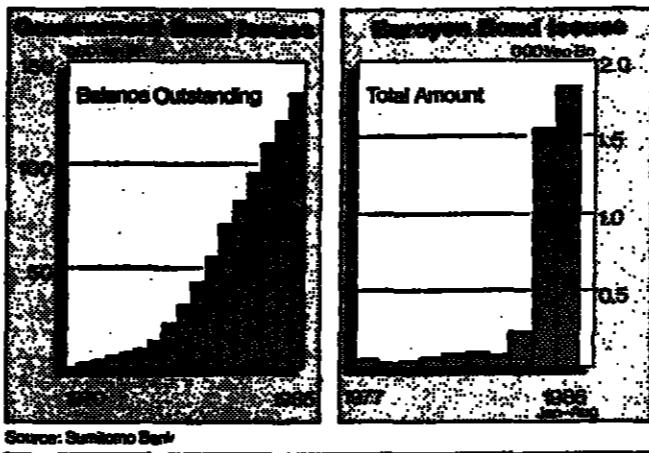
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FINANCIAL Deregulation

Japan's genie is out of the bottle

By Richard Lambert



Security during 1985 was four times greater than in 1984, and nearly 15 times higher than in 1980.

At the end of last year, the Tokyo Stock Exchange started trading a government bond futures contract. It has already become the largest and most actively traded contract of its type in the world, having overtaken the US Treasury bond futures in 1974 to more than \$124 trillion in 1985.

As this market has grown and matured, it has set in train a process of deregulation which, in the words of a recent analysis by Salomon Brothers, has had continuing reverberations throughout the Japanese financial system.

In order to sell and refinance this enormous volume of paper, the Japanese authorities have had to relax rigid underwriting rules, which would otherwise have imposed an intolerable burden on the banks. And in order to provide non-bank investors to buy the bonds, and so to minimise the inflationary consequence of big deficits—they have encouraged the development of an active secondary market.

The results have been spectacular. Trading volume over-the-counter in government

bonds has risen four times faster than in 1984, and nearly 15 times higher than in 1980.

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securities business that their parents would be banned from undertaking.

This push by Japanese firms into foreign capital markets has brought yet another external pressure for deregulation at home. The UK Government has been especially forthcoming in pressing for reciprocal access for British firms; other European governments have taken a similar line.

Tokyo is not exactly an easy market to crack, but at least the doors are beginning to open. Foreign banks are now allowed to sell and deal in Japanese government bonds, some foreign banks have been allowed to set up trust bank activities, and foreign securities firms are slowly being admitted into the Tokyo Stock Exchange.

But some sacred cows remain. Stock Exchange commissions are coming down—last month brought cuts of as much as 40 per cent in the costs of the largest transactions—but any move to fully negotiated rates still looks some way off. Elsewhere, although Article 65 is becoming less of a barrier to change, no one seems seriously to expect that it will be abandoned, at least for as long as the equivalent Glass-Steagall Act remains in force in the US.

Naturally, too, there are strong vested interests holding out against more radical reforms. Some of the smaller banks would look decidedly vulnerable if exposed to a full blast of competition. The biggest barrier to free competition in the savings market is the postal savings bank, which has used its tax privilege to seek up a third of the country's personal savings.

THE NIMROD DECISION

Out of battle, into action

By David Buchan and Peter Riddell

THE TIME for delay and review is over. Within the next fortnight the British Government will have to take its biggest current defence procurement decision—how to put an air-borne early warning (AEW) system, originally promised for the late 1970s, into service by 1990 at a price that will not bust the defence budget.

In short, will the Government opt for the Nimrod system from GEC or for the Awacs system from Boeing? The decision is finely balanced.

At stake is an opportunity for Boeing to mop up the world market in AEW systems. For GEC it is partly a matter of pride and, after so many setbacks, of proving the competence of its mission avionics to offer a complete package, while also giving Nimrod a chance in overseas markets.

The way in which the decision is being taken "provides" a classic illustration of the interplay of service preference, industrial muscle and the influence—or lack of it—of lobbyists working through Parliament.

The first crucial stage in reaching a final decision comes tomorrow when a collection of senior civil servants and three-and-four-star officers who constitute the Ministry of Defence's Equipment Policy Committee will make their final recommendation. Either they will argue that GEC has made enough progress with its Nimrod programme to be allowed to finish the job at the cost of a further £400m to £500m on top of the £260m of UK taxpayers' money spent over nine years. Or they will decide that Britain, even at this late stage, should turn to Boeing to buy its proven Awacs system at £1bn plus.

On the table at the EPC meeting will be a massive report, the product of some 50 MoD specialists who have worked since July evaluating the competing bids. It was last March that an exasperated MoD decided to reach for the weapon of competition.

The competitive element has made it one of the most complex procurement decisions the MoD has ever had to take.

The EPC, chaired by Professor Richard Norman, the MoD's Chief Scientific Adviser, will have to come up with a single recommendation on the grounds of technical performance and cost.

House price push or salary pull?

From the Chairman, Reward Regional Surveyors

Sir.—What fuels the boom in executive housing costs? The chicken and egg arguments of whether house prices, particularly in London, have caused the salary increases in some sectors, or vice versa, it has recently been the subject of sophisticated comment in your columns.

Our records of escalating prices for different types of home and the accompanying earnings of professional and managerial staff, go back over 10 years and can throw some light on the situation.

Since price, project risk and delivery date.

Mr George Younger, the Defence Secretary, will then have to balance the technical and financial considerations with the political. He will probably talk privately to the two other most affected departments, the Treasury and the Department of Trade and Industry, and may also seek to line up the Prime Minister before putting his own recommendation to the overseas and defence policy committee of the Cabinet. If there is no major disagreement then, its decision would normally only be reported formally to the full Cabinet.

It has been a battle royal between GEC and Boeing. The level of lobbying—or briefing as the participants prefer to call it—has been high even by the standards of the defence sector. Interested MPs, journalists and industrialists have been bombarded with invitations to lunch, dinner and receptions, and even for some, personal inspections of the rival systems. A lobbyist for GEC estimates that over half the Commons had been contacted in one way or another.

But what does all this wining and dining achieve? One of the most contacted MPs believes the two groups are largely wasting their money.

Mr James Prior, chairman of GEC, admits that when he was a minister he disliked people who tried to lobby too openly. He sees the briefing as trying to remove "the 5 per cent nagging doubt in the minds of a number of people." To him it is a matter of quietly keeping the pressure on and reminding everyone of the implications for Britain. Indeed, GEC has run a newspaper campaign with full-page advertisements with the slogan: "Both will defend Britain. Only one will defend British industry."

Had Britain not rejected it in the mid-1970s in favour of Nimrod, the Awacs system might well have been cheaper. It is right now it will be easier for the Government to find £500m to finance the AEW system chosen. "If Nimrod goes wrong a few years hence, the Air Marshals will be on the British Aerospace board, or in the south of France," commented one cynical observer.

On performance, however, the advantage probably lies with Boeing, at least as far as the actual user of any British AEW system—the Royal Air Force—is concerned. Indeed, GEC from Mr Prior down has publicly admitted that the RAF was probably right to have been deeply frustrated with the Nimrod programme until this year and understandably biased in favour of Awacs.

But GEC argues that the rapid progress it has made since it took over full control of the Nimrod programme in March should have changed the RAF mood.

It is doubtful whether it has.

The RAF still seems keen on flying the large, comfortable Awacs than the relatively cramped and unproven Nimrod system and airframe.

First, take price. The exact bid prices of the contenders are secret. But GEC clearly won, and has put in a lower bid to complete the radar for 11 Nimrod units.

What pro-Awacs sentiment



Extract from a GEC newspaper advertisement

has recently been paid for by the Government than Boeing has tendered to supply a number (albeit less than 11) of complete Awacs aircraft.

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On the issues of jobs and technology, GEC probably has an edge over Boeing. It can prove that some GEC jobs would disappear if Nimrod was cancelled, but probably not as many as the 250 it claims are at risk, because that amount of employment depends on the GEC system gaining an export market.

Cancellation of Nimrod would deal a powerful blow to the image of British high-technology, wipe out much of the UK capability in this form of very sophisticated airborne radar, and could affect other UK business such as the radar for the European Fighter Aircraft programme.

Aware of GEC's powerful political case, Boeing has made an extraordinary "offset" offer. Required by the MoD as a condition for a foreign company bid, it promises to link up with the French in purchasing. However, despite his pronounced views of the dangers of US technology dominating Europe, Mr Heseltine is reluctant to back either system.

The latest indications from Whitehall are that while Nimrod's performance has improved there are still shortcomings. But neither is Awacs ideal. That

company's bidding to offer to place work with British companies worth 100 per cent of the value of the Awacs contract, Boeing has gone better and offered an unprecedented 130 per cent. Mr Jerry King, a Boeing vice-president, has claimed this would create or maintain some 50,000 UK jobs over eight years.

There is no proof under an offset deal of this nature that Boeing would place contracts with the UK that it would not otherwise have placed. The GEC camp has argued that there are no guarantees while much of the work may be of the "metal-bashing" variety rather than related high technology.

The one clear exception is Plessey's recent radar collaboration agreement with Westinghouse, maker of the Awacs radar, its full implementation depends on the UK buying Awacs.

The lure of this offset has brought many UK companies out in support of Boeing's Awacs bid—three in particular. Plessey, Ferranti and Racal. All three are sub-contractors to GEC on Nimrod, but still feel they should win substantially more if Awacs wins. All three have in love lost for GEC the biggest contractor in the defence electronics sector. GEC, Plessey, and Racal had a particular edge to their pro-Awacs campaign, which has been seen as a continuation of its recent fight against a GEC takeover.

But how will the decision go? Mr Michael Heseltine, who started the inquiry process when he was Defence Secretary, lists a series of priorities—first, to meet defence requirements, second, to do the project with GEC if possible, and third, if Boeing has the edge, to concentrate on high technology offset.

He also emphasises the option of linking up with the French in purchasing. However, despite his pronounced views of the dangers of US technology dominating Europe, Mr Heseltine is reluctant to back either system.

The latest indications from Whitehall are that while Nimrod's performance has improved there are still shortcomings. But neither is Awacs ideal. That

may give political and employment factors greater weight, which could help GEC, though Mrs Thatcher has apparently been impatient with its past performance. But neither side has yet given up hope.

EEC air transport

A question of national sovereignty

By Peter Martin and John Ballou

THE AIR transport industry could do more than any other to foster the creation of a European community. What a paradox that the EEC's attempts to create a common market in air transport have proved sterile.

The reasons for this go back to the Chicago Convention of 1944. The convention confirmed that states retained sovereignty over the airspace above their territory, thus requiring for any international scheduled air service permission from the bilateral partner state involved.

If there was any doubt that the competition rules applied to air transport, that doubt was dispelled by the European Court in the so-called "Nouvelles Frontières" case in April this year. The Court also decided how the rules were to be applied in the absence of a regulation. This has led to a web of air services agreements between pairs of states granting permissions, usually on the basis of equality of commercial opportunity and economic benefit for the airlines of each country concerned, since air traffic is a national asset. Such agreements are often accompanied by commercial agreements between the two national carriers providing for the equal "pooling" of revenue, regardless of which airline earned it. Pooling can benefit passengers to some extent by promoting rationalisation and preventing wasteful duplication of services it stinks competition.

Most international air transport in Europe is governed by such restrictive agreements although there has been some notable liberalisation between the UK and the Netherlands, Belgium and Luxembourg. But such restrictions are at variance with the Treaty of Rome, which encourages the free movement of persons, services and capital and free competition, and which overrides the sovereignty confirmed by the Chicago Convention. They are also specifically incompatible with Articles 85 and 86 of the Treaty, which prohibit anti-competitive agreements infringing Articles 85 and 86 and requiring the agreements to be modified in a way acceptable to the Commission. If modifications are not made before an extended deadline, which is due to expire soon, the Commission has said that it will publish a formal decision.

Such a decision would itself be unenforceable, but the effect of the Nouvelles Frontières judgment is that courts in member states, and the governments of member states themselves, would be obliged to follow it. This would open the door for lawsuits against national carriers and, possibly, certain member states. In the light of Nouvelles Frontières, it is difficult to see how such actions could fail, provided the plain

The authors are partners in Fries Cholmeley, solicitors.

Letters to the Editor

building co-partnership homes which they can make available to such an extension of existing contracts and to open-ended contractual demands which leave teacher employees in obvious difficulties for the future without any sort of reciprocal pay compensation.

Of course many people will react to my last statement by asking, "What about Mr Baker's alleged increase of 16.4 per cent in pay over two years?" The simple answer to that lies in the shortfall in teachers' pay which has developed during the past 12 years compared with the pay position of non-manual workers in general. The Government earnings index shows that shortfall to be in excess of 30 per cent at present pay levels. Naturally teachers are seeking an end to that situation and Mr Baker's "generous" proposal to such an extension of existing contracts and to open-ended contractual demands which leave teacher employees in obvious difficulties for the future without any sort of reciprocal pay compensation.

Only long term solution to the great housing divide for public and other tenants as well as owner occupiers must be an equitable economic strategy for regional regeneration.

In this, a major part will be played by a significant injection of public investment into the job-creating construction industry.

Peter McGurk,

9, White Lion Street, N1.

From the General Secretary, National Association of Schoolmasters/Union of Women Teachers.

Sir.—In general I admire the table (November 28) which attempts to encapsulate the relative positions achieved or desired in connection with teachers' pay and other working conditions. There is, however, a most significant error in your explanation of what is proposed for teachers' contractual working time through the agreement subscribed to by four teachers' organisations.

Your table speaks of 1,367.5 hours of working time per year. That figure is not the sum total of teachers' contractually required working time as many readers may be inclined to believe. The putative agreement would also require as a matter of contractual obligation unlimited hours from teachers "in order effectively to discharge the balance of their duties both on and off the school premises including the essential tasks of marking pupils' work and preparing lessons, material and teaching programmes." On top of this for "activities . . . over and above what is contractually required . . . and should be regarded as part of the full professional role."

Teachers, especially those in secondary schools faced with the work demands of the new GCSE examination and with the growing fashion to substitute pupil profiles for traditional reports, know well enough the substantial number of hours per year inherent in these extra elements which your table ignores. I think many people who have never tried to face the problems and responsibilities of teachers will be able to make some reasonable guess at the extra hours of work. For my part I remain baffled that teacher organisations alleged to have extended experience and skill in the art

supply better value accommodation than that purchased with subsidised loans.

Peter M. Brown,

1 Mill Street,

Stone, Staffs.

Regenerating the regions

From the Director,

Institute of Housing.

Sir.—Samuel Brittan was correct (November 27) to highlight the mobility barrier erected by the current lack of rented accommodation but he erred in trying to suggest that the potential for such flexibility afforded by council housing.

It is, as he describes, usually the case that council homes are allocated on waiting list systems but various mechanisms—the national and London mobility schemes and tenant exchange arrangements—exist to help council tenants move around the country for economic or social reasons.

That the wait for a move or exchange can now be a very long one is not so much a comment on the effectiveness of these arrangements but a measure of the current desperate competition to gain a council tenancy in the first place.

The trials to jobs and comparative prosperity invariably leads south and the one way direction of this traffic would also hinder the efficacy of the plan outlined by Mr Brittan for tradable rights to rent controlled property.

Indeed the southern direction of most putative home swappers leads to a conclusion that the

real estate market is not the only market to be considered in this context.

F. A. Smithies,

22 Upper Brook St, WI.

Roads and rails

From Mr A. Wales.

Sir.—When the director of the Society of Motor Manufacturers and Traders writes (November 20) of the difference between the revenue collected from road users in motoring and fuel taxes and that spent on roads, he includes in the latter only the actual costs of building and maintaining the roads.

The real cost of roads must

include a considerable part of running the police forces and of the courts when engaged in enforcing traffic laws and ensuring that traffic flows freely.

No doubt some motorists think that sometimes this enforcement is unnecessary but surely none would quarrel with its aim of trying to make travel by road safe and free flowing.

On the railways a similar task is performed by the signalling system which absorbs a considerable part of the total revenue and capital expenditure, yet no one dreams of claiming that signalling is not part of the cost of running the railways.

The real cost of road travel should also include the additional expenditure by the National Health Service and Social Security system resulting from road deaths and injuries which are at a far higher level than on the railways.

A. Wales,

1 Mitchley Avenue,

Parley, Surrey.

MERCURY ORDERS PLESSEY FIBRE OPTICS

Two contracts for optical fibre transmission systems together worth approximately £1.5m have been awarded by Mercury Communications Limited to Plessey.

Both orders are for System 565—the Plessey 565 Mini/s system which can carry 7680 simultaneous telephone calls or the equivalent in data or video over a single pair of optical fibres.

The real cost of road travel should also include the additional expenditure by the National Health Service and Social Security system resulting from road deaths and injuries which are at a far higher level than on the railways.

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FORMER MORGAN GRENFELL SECURITIES CHIEF TO BE PROSECUTED

Collier faces share dealing charges

MR Geoffrey Collier, the Morgan Grenfell securities director who was forced to resign last month after admitting insider trading, has been charged in the UK with offences connected with transactions in the shares of AE, the engineering group which is the subject of an agreed bid from Mr Robert Maxwell's Hollis group.

The serving of a summons on Mr Collier was announced yesterday by Mr Michael Howard, the UK Under-secretary for Consumer Affairs, shortly before a House of Commons debate on insider dealing.

During the debate Mr Howard referred briefly to the charge against Mr Collier, and went on to say that "the case of an employee of British and Commonwealth which was reported in the press under consideration by the Stock Exchange,

which has just completed a preliminary investigation. The results were received yesterday and are being discussed between my department and the Stock Exchange.

Mr Howard was pressed by Opposition Labour MPs to explain why inspectors had been appointed to investigate the affairs of Guinness, the international brewing and spirits group. But he declined to go beyond what had been said in Monday's statement on Guinness apart from saying that the inspectors had been left in "no doubt whatsoever as to the vigour at which it is desired they should approach that task. They should address it with the greatest possible urgency."

Mr Robin Cook, Labour's trade spokesman, described the Guinness bid for Distillers as "an extremely tidy transaction" and demanded that trading in Guinness shares

should be suspended since it was impossible to set a meaningful value for them. However, Mr Howard said that what happened to the share quotation was entirely a matter for the Stock Exchange which had a statutory responsibility.

In both his opening and closing speeches, Mr Howard stressed the vigorous line the Government would take in relation to enforcing the law against insider dealing. He said the Government was "always ready to appoint inspectors where there is no reason to do so."

He also disclosed that the Swiss authorities had agreed to attend a conference in London next week of regulators from the main financial centres around the world to discuss international co-operation. The long-arranged meeting will be at a official level.

Mr Howard described as "draconian" powers in the recently approved Financial Services Act to appoint inspectors to deal with insider dealing.

Mr Howard declined to comment on what information may or may not have been exchanged about Mr Ivan Boesky under the memorandum of understanding agreed last September between Britain and the US Securities and Exchange Commission. He said this required to keep confidential any information provided under the memorandum as well as keeping confidential any request.

Mr Howard thought that this scope for insider dealing might be inhibited by technology changes increasing the amount of information on share transactions in the market place which would make it easier for regulators to identify and detect what had taken place.

Paccar and Daf in Leyland Trucks talks

BY MICHAEL CASSELL AND JOHN GRIFFITHS IN LONDON

ROVER GROUP, Britain's financially troubled state-owned motor manufacturer, is holding side-by-side talks about the future of its Leyland Trucks subsidiary with Paccar of the US and Daf, the Dutch truck manufacturer.

Mr Paul Channon, the Government's Trade and Industry Secretary, said yesterday in Parliament that talks between Rover and Daf, which already co-operate in the marketing of trucks and vans, could lead to further, fundamental collaboration between the two companies. Paccar, which already controls Foden, another UK truck manufacturer, was considering whether or not to make a bid for the Leyland business.

Mr Channon said that Mr Graham Day, Rover Group chairman, had been reviewing the options for the Leyland trucks business against a backdrop of continuing depressed demand, particularly in overseas markets, and severe overcapacity - now running at an estimated 40 per cent - in Europe.

In response to British fears about the future of the truck-manufacturing operation and of the company's

REGISTRATIONS OF COMMERCIAL VEHICLES OVER 3.5 TONNES GROSS WEIGHT					
Manufacturer	1985	% share	1984	% share	% change
Deutz-Benz	62,957	26.93	58,326	25.65	7.3%
IVECO	34,145	14.60	33,530	14.74	1.8%
Henschel RVI	24,222	10.38	27,725	12.19	-12.5%
Volvo	20,185	8.63	19,747	8.58	2.2%
MAN/VW	15,681	6.71	14,313	6.28	3.7%
Ford	12,942	5.53	12,717	5.59	1.7%
Scania	15,594	6.58	14,995	6.47	4.0%
DAF	10,572	4.46	10,419	4.58	-2.4%
Leyland	9,273	3.37	8,041	3.54	15.3%
Motor Services	4,701	2.01	4,582	2.01	2.6%
Enasa	4,713	2.02	4,600	2.02	2.4%
Scania	1,645	0.70	1,507	0.68	9.1%
ERF	1,659	0.71	1,328	0.67	5.7%
Stayr-Daimler	1,331	0.57	1,224	0.54	7.4%
Others*	7,957	3.42	8,005	3.32	-0.14
	Total	232,826	100.00	227,422	100.00
					-2.8%

* includes 450 (1984 745) trucks produced by Paccar's subsidiary Foden

Source: Automotive Industry Data: 1986 Data Yearbook

workforce, Mr Channon emphasised that the Government's objective was to achieve a secure future for the Leyland business.

But he stressed that any option for the company, whether related to collaboration, merger, sale or continuation under present ownership, will be considered by the Paccar's present review of

the group operating companies, which will form the basis for its 1987 corporate plan, to set out a "positive course for the continuation of Austin Rover as a major producer and leading exports of cars made in Britain."

Mr John Smith, the Labour Opposition's trade and industry spokesman, said the talks with Daf appeared to imply an extension of the collaboration on marketing trucks and vans which was already under way and which appeared to be working satisfactorily. But he said that, if the Paccar talks led to a takeover, the only volume truck maker in Britain would pass into foreign ownership, with the consequent impact on jobs and loss of control over a fundamental participant in Britain's industrial economy. He urged full consultation with the trades unions over any changes arising from the current talks.

Mr Channon's revelation of the Leyland Trucks talks comes some nine months after the collapse of negotiations with General Motors on the acquisition of Land Rover and Leyland Trucks.

Background, Page 3

Bull to hold 65% of NEC-Honeywell venture

BY PAUL BETTS IN PARIS AND JAMES BUCHAN IN NEW YORK

BULL, the French nationalised computer group, will acquire a majority stake of 55.1 per cent in the next two years in its projected joint venture with Honeywell of the US and NEC of Japan based on Honeywell's information system division.

This is one of the main aspects of a preliminary agreement reached yesterday by the three companies.

The new venture will be the world's third largest computer group behind IBM and Unisys and the European partners. It will have sales of about \$1.5bn next year.

Bull will initially buy a 42.5 per cent stake in the new company for \$130m, with NEC acquiring 15 per cent for about \$50m and Honeywell retaining 42.5 per cent.

However, Honeywell will sell 22.5 per cent of its stake to Bull for about \$80m during the next two years. The US group will ultimately retain a 19.9 per cent stake in the new company.

The venture is a major reversal in the relationship between Bull and Honeywell. Ten years ago, Honeywell Information Systems acquired a 47 per cent stake in what at the time was called CII-Honeywell 15m between 1987 and 1990.

He said Bull was planning to raise FF1.1bn in fresh capital next year and a further FF1.1bn the following year.

Bull will immediately become the controlling partner of the new venture, according to the terms of the preliminary agreement due to be finalised before the end of next March.

Both Mr Jacques Stern, Bull's chairman, and Mr Lorentz confirmed that the current management of Honeywell Information Systems would continue to operate

the new company. Mr Stern said the new venture would enable Bull to strengthen its links with Honeywell and increase co-operation with NEC. The new company would also help the French group increase its international competitiveness.

Honeywell will retain its Federal Systems Division which will market the new venture's computers directly to the US Government. The new company will also exclude Honeywell-NEC Supercomputers, a joint Honeywell-NEC venture, which markets NEC Supercomputers in North America.

Bull is now taking control of the new venture, according to the terms of the preliminary agreement due to be finalised before the end of next March.

Both Mr Jacques Stern, Bull's chairman, and Mr Lorentz confirmed that the current management of Honeywell Information Systems would continue to operate

the new company.

The deal is the latest in a series of major US investments by French companies. With the new venture, Bull follows L'Air Liquide which acquired Big Three Industries for \$1.6bn, and Rhône Poulenc which recently bought the agrochemical business of Union Carbide for \$375m.

It remained essential, however, for industry to maintain firm control over its unit labour costs which were still rising substantially faster than those of Britain's competitors.

Mr Lawson may have to raise interest rates by a further 1 percentage point to restore confidence in his monetary policy, Mr Gordon Peppi of securities house Greenwich Mansfield said yesterday.

Money markets, Page 31

UK 'committed to firm sterling exchange rate'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

MR NIGEL LAWSON, the UK Chancellor of the Exchequer, said yesterday that neither devaluation nor protectionism was an option to improve Britain's trade position and the Government was now committed to maintaining a firm exchange rate for the pound.

In a speech apparently aimed at promoting confidence on financial markets, Mr Lawson said that, after sterling's downward adjustment in response to lower oil prices, the Government's exchange-rate policy now aimed to maintain financial discipline. "Devaluation means surrender to inflation; it simply perpetuates the inflationary spiral," he said.

The pound has faced sporadic pressure on foreign-exchange markets over the past two months despite a 1-point rise in interest rates to 11 per cent in October. Predictions in the City of London that it could face renewed speculation early next year have probably encouraged Mr Lawson to be unusually explicit in indicating that he does not wish to see it fall any further.

In his speech last night to the Better Money in Britain organisation Mr Lawson said that the halving of the oil price earlier this year had produced a totally new situation: "In those highly exceptional circumstances I thought it only right to acquiesce in a somewhat lower exchange rate for sterling."

He added: "The important point is that that adjustment has now happened. And industry should plan on the basis that we shall maintain a firm exchange rate."

Progressive devaluation - or a retreat into protectionism - would be disastrous steps backwards with the same costs in terms of higher inflation, more inefficiency and overcapacity and poor productivity.

Mr Lawson said that he did not share the pessimism of some observers over the long-term future of Britain's trade balance, despite the recent rapid growth in imports.

"Given the magnitude of the fall in the oil price it is not surprising

that we should experience a temporary deficit in the current account," he said.

There were already encouraging trends, however, with a vigorous upward trend in exports.

It remained essential, however, for industry to maintain firm control over its unit labour costs which were still rising substantially faster than those of Britain's competitors.

Mr Lawson may have to raise interest rates by a further 1 percentage point to restore confidence in his monetary policy, Mr Gordon Peppi of securities house Greenwich Mansfield said yesterday.

Money markets, Page 31

World Weather

Region	Temp	Wind	Pressure
Europe	17	W	1010
Africa	25	W	1010
Australia	25	W	1010
North America	25	W	1010
South America	25	W	1010
Japan	25	W	1010
China	25	W	1010
India	25	W	1010
South Africa	25	W	1010
South America	25	W	1010
North America	25	W	1010
Europe	25	W	1010
Africa	25	W	1010
Australia	25	W	1010
North America	25	W	1010
South America	25	W	1010
China	25	W	1010
India	25	W	1010
South Africa	25	W	1010
South America	25	W	1010
North America	25	W	1010
Europe	25	W	1010
Africa	25	W	1010
Australia	25	W	1010
North America	25	W	1010
South America	25	W	1010
China	25	W	1010
India	25	W	1010
South Africa	25	W	1010
South America	25	W	1010
North America	25	W	1010
Europe	25	W	1010
Africa	25	W	1010
Australia	25	W	1010
North America	25	W	1010
South America	25	W	1010
China	25	W	1010
India	25	W	1010
South Africa	25	W	1010
South America	25	W	1010
North America	25	W	1010
Europe	25	W	1010
Africa	25	W	1010
Australia	25	W	1010

JOBS

How universities fared

BY MICHAEL DIXON

ALONGSIDE appears the latest of this column's rankings of United Kingdom universities according to the performance of their new bachelor-level graduates in the jobs market.

The graduates in question were those who received their degrees in the summer of 1985. Each university's position in the table is based on the proportion of its graduates who, at December 31 1985, were either in a short-term job expected to last no more than about three months, or still seeking employment.

Today's effort is unfortunately cruder than the corresponding rankings which I have printed in each of the past two or three years. The refined versions were made possible by research done at Lancaster University under the leadership of its Professor of Economics, Jim Taylor. And he and his colleagues were able to draw on more detailed data than is available to the FT.

For instance, the Lancaster data were able to take subjective assessments into account, finding a fairly desirable job is easier for graduates in some subjects—electronics engineering, say—for those who studied other topics. As a result universities in which "employable" subjects take up a large share of their total undergraduate activities, start with an advantage. Their bachelor-level leavers are almost of necessity less likely to end up in at best a temporary job six months after graduating than are the

degree-winners of institutions where a much greater share of undergraduate work is taken up by arts and thoroughly theoretical sciences and social studies.

Professor Taylor and his team were able to adjust every university's crude jobs-market performance according to the share of its bachelor-degree activities taken up by each of 78 different subject groups, each with a different level of "intrinsic employability." But as he has now turned his attention to other things, I am confined to the roughest and readiest of measures.

Scanning across the table from the left, we first have the university's name and then its total 1985 output of bachelor-level graduates who were deemed to be domiciled in the UK. By December 31 of the year, some of them had gone beyond their alma mater's ken. And the percentage so lost to each institution is given in the second column of figures.

What became of the missing people—whether they found jobs, went into further full-time study or training or whatever—is simply unknown. So having noted how small or large a proportion of its output each university misleads, the table henceforth concentrates solely on the remainder whose whereabouts at December 31 were known.

The number of those given in the third column of figures. The next column gives the per-

centage of the knowns who went into longer term jobs, and the following column states the proportion who continued into further academic or practical courses.

The next-to-last column, on which the ranking of the institutions is based, shows the percentage of knowns who were either in a short-term job or still looking for employment. The bracketed figures in the final column show the corresponding percentages for the previous year's output.

The four categories—long-term jobs, further study or training, short-term work, and still seeking—do not take account of all the knowns. The table altogether excludes a minority of others, such as people who although notionally UK-domestic in fact came from overseas and returned there after graduating.

Before anyone makes judgments on the basis of the ranking, I hope it will be understood that besides being adopted, the measure I have adopted is calculated on data which is not audited.

Despite the deficiencies, however, the table is the best measure of universities' graduate-employment performance I can produce. And I do not think anyone could sensibly quibble about the evidence that the performances of Brunel, Heriot-Watt, Bath and Durham at least, are better than those of Kent, Liverpool, Keele and East Anglia.

* University of Manchester Institute of Science and Technology.

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Anderson, Squires

University	Total of new UK graduates	% not traced as at 31/12/85	No. whose destination was known at 31/12/85	Long-term jobs	% of those of known destination who were in:		
					Further study or training	1985	1984
Brunei	508	3.9	488	81.4	11.7	4.9	(7.4)
Heriot-Watt	627	14.8	534	75.1	18.9	5.6	(5.6)
Bath	746	2.8	725	79.3	13.1	5.0	(5.0)
Durham	1,269	10.8	1,132	58.9	32.0	5.9	(10.6)
Dundee	611	9.2	555	60.5	31.2	6.6	(8.2)
Aston	835	10.8	745	79.1	12.5	7.1	(10.3)
Southampton	1,502	14.2	1,289	67.2	22.9	7.3	(7.8)
Cambridge	2,557	18.3	2,089	54.6	34.8	7.3	(6.9)
Oxford	2,699	8.0	2,403	53.6	35.6	7.9	(10.5)
Glasgow	2,194	3.4	2,119	57.9	32.6	8.5	(10.1)
Newcastle	1,705	16.2	1,428	67.6	20.7	9.0	(9.3)
Aberdeen	1,167	7.9	1,075	52.5	34.6	9.5	(14.4)
Strathclyde	1,338	6.6	1,250	69.2	20.2	9.7	(11.9)
Exeter	1,173	10.5	1,050	63.0	24.7	9.8	(11.6)
Birmingham	2,111	11.2	1,875	63.6	23.3	10.1	(8.9)
Edinburgh	1,916	8.2	1,758	56.1	29.9	10.3	(12.2)
Leicester	1,094	9.7	988	56.3	29.3	10.4	(14.2)
Essex	636	7.2	590	47.0	28.3	10.5	(20.0)
Loughborough	1,169	2.8	1,135	76.4	11.2	10.5	(11.0)
Nottingham	541	4.8	515	72.4	10.2	10.2	(10.7)
St Andrews	774	8.5	700	45.2	41.0	10.7	(12.7)
UMIST*	870	9.0	792	74.4	12.2	11.1	(12.8)
Bradford	596	5.3	943	73.6	12.3	12.1	(14.0)
Bristol	1,715	11.1	1,524	59.3	24.9	12.4	(11.0)
Stirling	622	8.0	572	44.9	19.4	12.5	(18.8)
Lancaster	1,029	16.1	843	42.9	22.8	12.4	(11.7)
Nottingham	1,436	9.0	1,489	60.5	24.0	12.4	(11.6)
Hull	839	16.4	1,144	54.5	28.7	13.0	(20.3)
Sussex	890	12.2	781	53.0	29.2	13.3	(18.8)
York	893	7.2	829	57.2	26.5	13.3	(18.9)
Manchester	2,524	9.4	2,287	58.6	25.6	13.4	(15.6)
Reading	1,222	16.8	1,190	64.6	17.8	12.5	(11.9)
Sheffield	1,010	10.0	975	55.4	24.5	12.5	(15.0)
London	8,111	20.3	6,468	59.9	22.7	12.6	(15.0)
Warwick	1,389	11.2	1,233	62.1	22.2	13.7	(14.3)
Leeds	2,297	5.0	2,183	56.7	25.0	13.8	(15.1)
Wales	4,338	6.9	4,039	52.2	30.5	14.4	(15.1)
Sheffield	7,819	5.3	7,223	60.7	21.4	15.8	(14.5)
Queen's Belfast	1,381	5.8	1,301	47.7	34.3	16.4	(14.8)
Kent	965	15.6	814	55.3	24.7	16.8	(15.0)
Liverpool	1,730	8.4	1,584	54.7	24.1	16.8	(13.5)
Keele	588	8.5	538	54.1	27.3	16.9	(13.5)
East Anglia	946	12.9	824	49.4	27.7	18.5	(20.3)
Overall	65,839	10.7	58,766	60.1	25.3	11.7	(12.9)

MAJOR INTERNATIONAL SECURITIES HOUSE

Eurobond Sales

This company is one of the world's largest and most powerful institutions with a leading presence in international capital markets. They now seek a key sales professional to join their substantial yet continually expanding team in London selling a wide variety of instruments to major UK institutions.

You must demonstrate:

- ★ Dynamism
- ★ Proven sales skills
- ★ At least one year's experience with a top organisation

It is likely you are in your mid-20s. Remuneration and career prospects are fully consistent with the importance of this role. Neither will disappoint. Please contact Sally Poppleton or Andrew Stewart on 01-404 5751 for a confidential discussion or write to them at 39-41 Parker Street, London WC2B 5LP.



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International Recruitment Consultants
London Brussels New York Paris Sydney

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BADENOCH & CLARK

COMMERCIAL PAPER SALES EXECUTIVE

c. £30,000 + Bens

Our client, a leading investment banking group, with an active treasury/money markets division, is seeking to expand its highly successful Commercial Paper Sales Desk. Interested applicants should have at least twelve months experience in money market sales, although prior commercial paper exposure is not essential.

The remuneration package is negotiable, in line with age

SUPERVISOR INVESTMENT ADMINISTRATION

Merchant Navy Pensions Administration is responsible for the administration of the Merchant Navy Officers Pension Fund and the Merchant Navy Ratings Pension Fund. The total assets are in excess of £1½ billion. Due to continuing development we need an experienced Administrator to supervise a team of seven responsible for portfolio maintenance, UK and international settlements.

The position calls for extensive contact with stockbrokers, banks and our own innovative and successful in-house investment management team. Your personal qualities will include commitment, pride in accuracy and the timely provision of information.

You will be expected to share in a responsibility for maintenance and development of portfolio information and valuation systems. Whilst previous experience as a computer user would be an asset, a flexible and responsive attitude is more important.

The investment administration function is based in a modern and comfortable office in Leatherhead, Surrey. A salary commensurate with experience and ability will be offered.

Please forward CV to:
Guy Tortise, Secretary
Merchant Navy Pensions Administration
Ashcombe House, The Crescent
Leatherhead, Surrey KT22 8LQ
Tel: Leatherhead (0372) 386000

TRADERS

Prime European Bank

Significant expansion plans already in place for 1987 and beyond herald still further growth in this major international bank's London trading presence. Immediate requirements dictate the recruitment of:

Spot F/X Dealers LIFFE Floor Trader

These positions call for a minimum of 2 years' active experience acquired with a professional banking institution, together with the capacity to add to and complement a close-knit and effective dealing room team. Opportunities for personal development are self-evident with an organisation of this stature and distinction.

Contact Norman Philpot in confidence
on 01-248 3812

NPA Recruitment Services Ltd

12 Well Court, London EC4M 9DN Telephone: 01-248 3812

Management Consultants Executive Search

INTERNATIONAL BANK

CITY DEVELOPMENT ROLE to £45,000 (package)

Our client is a highly regarded international overseas bank whose increased capital market activity has resulted in the doubling of their UK balance sheet value. Due to the continuing expansion of their London operations they now have an immediate requirement for a key individual to complement their existing management team.

The role will be advisory and developmental in nature and will require extensive liaison with senior internal management, external advisors and government institutions. To meet the technical demands of the position applicants will need to be familiar with the implications of the Financial Services Act and new banking regulations, capable of establishing operational procedures for effective internal control and experienced in the development of computerised systems.

The successful candidate is likely to be aged 29-40, possess highly developed interpersonal skills and will be able to demonstrate broad financial sector experience. A recognised accountancy or banking qualification, whilst not essential would be desirable. The remuneration package will include a high base salary with extensive banking benefits.

For more information please telephone Keith Allen on 01-930 7850 or write, enclosing brief details to the address below:

ROBERT WALTERS ASSOCIATES
RECRUITMENT CONSULTANTS

66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

Junior Portfolio Manager

Philips Pension Fund
Central London

An opening has now arisen within our Central London office for a Portfolio Manager for the Philips Pension Fund. Preferably under 30 years of age, the successful applicant will ideally have at least two years' experience of analytical work covering the UK and have held a post which involves taking some responsibility. Experience with overseas equities would be useful, but not essential.

Candidates should hold an appropriate qualification and be capable of playing a full part in decision making within a small team.

Salary will be commensurate with experience and ability and conditions of employment are those associated with a large organisation.

Please send brief details to Mrs. M.D. Rush, Central Personnel Department, Philips Electronics, 8 Arundel Street, London WC2R 3DT. Preference will be given to non-smokers.



PHILIPS

Head of Corporate Finance

c. £45,000 & benefits

Our client is a small but growing British Merchant Bank within a publicly quoted group. The development of the corporate finance department has been given priority and we seek to recruit an ambitious young executive to provide leadership and motivation for the existing team.

Suitable candidates will be professionally qualified with a legal or accounting background. In addition they will already be in corporate finance with a proven record of

team management and successful performance.

The appointment will offer considerable potential and an opportunity to play a key role in the development of the Bank.

In the first instance please contact David Grove, Consultant to the Bank, by telephone on 01 974 8838, or in writing, enclosing an up-to-date s.e., to: March Consulting Group, 12 Street Street, Windsor, Berkshire SL4 1BG.

MARCH
CONSULTING GROUP

The Polytechnic of North London

APPOINTMENT OF DIRECTOR

Dr John Balsham, the present Director, will be leaving the Polytechnic in July 1987. We now need to find a new Director to lead the continuing development of this significant HEA Polytechnic.

The Polytechnic of North London is a major public sector institution with nearly 10,000 students. It also has a particular commitment to the social and economic needs of the inner city.

This post offers complex challenges with positive opportunities.

The salary will be in accordance with the recommendations of the Board of Governors and is at present £24,000 (inclusive of London Allowance).

Applications from candidates with experience in Education, Industry or Public Services will be welcome. An equal opportunities employer who particularly welcomes applications from women, ethnic minorities and the disabled.

VACANCY FOR FULL-TIME TRANSLATOR

An international financial institution headquartered in Washington, D.C., seeks a highly-qualified Translator to prepare and revise translations of specialised documents and economic/legal publications from Spanish, French and Portuguese into English. In addition, the individual will be required to translate Spanish, English and Portuguese material into French.

This is an excellent career opportunity for a conscientious, creative individual with at least five years of full-time experience translating the above-mentioned language combinations, preferably in similar organisations. The selected candidate must have native proficiency in English and excellent capabilities in French and Spanish. Skills in Portuguese are also desirable. A university degree or equivalent academic accreditation is required and a well-rounded cultural background is imperative.

The net starting salary for this position is US\$34,000 and we offer an excellent benefits package, including relocation costs. Interested applicants must respond before December 15, 1986, with a cover-letter and resume indicating nationality and salary history. Applications should be sent to:

Senior Management Commercial and Residential Mortgages

City based. Compensation negotiable

Our client, a well established City bank is seeking to strengthen and improve the leadership, technical and planning skills of its mortgage division, to equip it for the next stage of development.

The successful candidate will have at least 10 years commercial banking experience, of which 5 years will have been in the mortgage market, with particular knowledge of commercial mortgages.

It is essential that he/she should be able to display qualities of leadership, self motivation, determination and imagination.

Compensation will be negotiable and will include a company car, together with bank benefits, but should not be a barrier to securing the right candidate.

Please write in strictest confidence, enclosing under separate cover the names of any organisations to which your details should not be forwarded, to:

K.W. Causton, (Ref. SM/3), Kenneth Causton & Associates, 152 Fleet Street, London EC4A 2DH.

Kenneth Causton & Associates
RECRUITMENT ADVERTISING

Eurofi

CORPORATE AND FINANCIAL STRATEGISTS

EUROFI (UK) LIMITED provides specialist services at the interface between the Private and Public Sectors within the European Economic Community. Services are provided through three divisions: Project Finance, Public Affairs and Information, and Publications.

The Project Finance Division specialises in advising industry and commerce in the negotiation of financial incentives available from the Commission of the European Community and the Governments of Member States to encourage investment in new manufacturing facilities and the development of new technology.

THE PROJECT FINANCE DIVISION REQUIRES ADDITIONAL EXECUTIVES WITH EXPERIENCE OF PUBLIC SECTOR FINANCIAL INCENTIVES

Successful candidates will have a track record of advising Main Board Directors and Chairmen of large businesses and ideally will have held senior positions in both private industry and public sector organisations. Candidates must be able to demonstrate a high level of commercial acumen, financial and communicating skills.

The nature of this work requires mobility especially within European Community Member States. Successful candidates will operate from one of the following European offices:

BIRMINGHAM — CARDIFF — EDINBURGH — NEWBURY — BRUSSELS — MADRID

It is unlikely that candidates under 30 years of age and currently earning less than £30,000 per annum will have the necessary experience.

Candidates are invited to send a supporting letter with a CV to the:

Chief Executive
EUROFI (UK) LIMITED
Gulledge House, Palace Lane, Newbury, Berkshire RG13 1NX
Tel: 0635 31900 Telex: 849791 Fax: 0635 35053

International **B** Banking

CREDIT ANALYST/LENDING OFFICER TO £20,000

The subsidiary operation of an aspiring European Bank require a well qualified person (preferably a graduate) to undertake a versatile credit support role in respect of both new and existing business.

SENIOR OPERATIONS OFFICER

c. £25,000

An exceptional opportunity in a start-up situation for a person offering a minimum 10 years all round Operations experience especially FX/Treasury and Eurobonds within computerised systems. A management role with potential for additional responsibility and personal development.

FINANCIAL FUTURES DEALER

c. £20,000

Our client, one of the world's largest banks, requires a person to trade T-Bonds, Futures and Gilts within an active dealing room. The successful applicant, who will have gained relevant experience trading on behalf of a bank on the L.I.F.F.E. floor or a twice yearly bonus.

SPOT FX DEALER

To £40,000

A highly respected International Bank with a good trading name seeks an additional dealer to be responsible for trading a major currency within a highly successful team. Remuneration is extremely negotiable and includes a performance related bonus.

Gordon Brown

BANK OF ENGLAND— ECONOMICS DIVISION

The Economics Division of the Bank of England has vacancies for economists, with strong quantitative skills, probably in their twenties or early thirties. They will join a team of some forty economists engaged in a wide range of policy analysis and research related to the economy and financial system of the United Kingdom. Preference will be given to candidates with experience related to financial institutions, company finance or international trade.

Appointments will be on contracts of two or three years. Salaries will be negotiable, depending on age and experience.

Application forms are available from: C T Taylor, Economics Division, or D A Sharp, Personnel Division, Bank of England, Threadneedle Street, London EC2R 8AH (or by telephoning: 01-601 4616 or 4632).

They should be returned by 31st December 1986 together with any relevant examples of work.

Major investment institution — opportunities for fund managers & analysts

Central London, c £15,000-£35,000



One of the country's largest pension funds, growing in recent years at a compound rate of 23% per annum, is investing substantially in people and new technology, creating opportunities for fund managers and investment analysts with varying levels of experience.

The positions include a Senior Fund Manager who will make a strong contribution to the management of one of the largest UK equity portfolios leading a team of fund managers and analysts; and Fund Managers and Investment Analysts experienced in the UK and overseas stock markets who will be responsible for keeping under close review various sectors within these markets, assessing detailed studies of industries and companies, vetting company accounts, monitoring stock market price performance and preparing reports on a wide range of investment topics.

All positions call for high calibre individuals with strong analytical abilities who will have ample scope to influence overall policy and immediate investment programmes.

At the senior levels, you will need a very sound knowledge of investment principles and techniques gained through practical experience and the management skills necessary to bring the best out of your people.

For investment analysts, we are looking for at least one year's practical analytical experience within the investment industry.

Salaries at the individual levels are negotiable and will not be a limiting factor.

Please write, stating which position you are applying for and enclosing your curriculum vitae, which will be acknowledged and forwarded to our client unless a covering letter gives contrary instructions, to John Sanderson, Watts, Ref. SW617.

Coopers & Lybrand Executive Selection

Coopers & Lybrand Executive Selection Limited

Shelley House, 3 Noble Street, London EC2V 7DQ

ASSOCIATE DIRECTOR HEAD OF OPERATIONS

Outstanding Remuneration Package

Our client is the London-based investment banking subsidiary of one of the world's largest banks. Already established as a successful house in international capital markets, the company is heavily committed to further business growth.

As part of the company's senior management team, the Head of Operations will have wide ranging responsibilities including the overall control and co-ordination of the unit's handling, settlements and custodian services.

To succeed in this highly visible role you will need to be a skilled Manager,

probably aged 30-40, with experience gained in an active trading environment. A detailed understanding of settlements procedures is fundamental, but above all the position demands strong leadership ability and organisational flair.

The salary package offered will reflect the importance placed on this key management position and will include a competitive performance-related bonus. Career prospects are excellent for the candidate with commitment and flexibility, who can rise to the challenge offered by a dynamic and rapidly expanding organization.

Interested candidates should apply directly to Felicity Hether on 01-606 1706 or send a Curriculum Vitae to the address below.

Anderson, Squires Ltd.,
Bank Recruitment Specialists,
127 Cheapside, London EC2V 6BU

Anderson, Squires

IBJ

Investment Management

Equities,
GILTS and Bonds

IBJ International Limited is the merchant banking subsidiary of The Industrial Bank of Japan. Together with our bond trading and underwriting functions we have a fast growing investment management activity based on blue chip institutional clients.

We are now seeking applications from professionals with good experience in the management of equity, gilt or bond portfolios. We expect the successful applicant to have a good academic record and be in their 20s or early 30s with the flair and initiative to contribute to the continuing growth of this busy department.

We are able to offer excellent career prospects and a competitive salary commensurate with your experience together with the full range of banking fringe benefits.

To apply please write, enclosing career details, to Ian Matheson, Associate Director;

IBJ IBJ International
Limited, Bucklersbury House,
3 Queen Victoria Street, London EC4N 8HR.

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Jonathan Wren

LONDON

HONG KONG

CORPORATE DEALER

c£25,000

On behalf of our client, a major UK investment bank, we seek an additional Corporate Dealer for their Treasury operation.

Candidates are likely to be aged between 23 and 30, a graduate, and have a background of at least two years in a treasury operation in a major bank or corporate environment. They should be knowledgeable in the areas of sterling and currency deposits, Certificates of Deposit, Eligible Bills, and foreign exchange. Experience in other areas such as Commercial Paper, FRA's and short term interest rate swaps would be a distinct advantage. Ability to work as a member of a small team with the willingness to be flexible and to explore new investment products as they arise is vital.

The proposed remuneration package will include a bonus, mortgage subsidy and other generous banking benefits. The package will not be a limiting factor for the ideal candidate.

For further details ring, or send your cv to Mark Forrester, Director

Jonathan Wren

Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.

Telephone: 01-623 1266

Appointments

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For further information, call

Louise Hunter

01-248 4846

Jane Liversidge

01-248 5205

Daniel Berry

01-248 4782

FINANCIAL ANALYSTS FOR EUROTUNNEL

Financial and economic analysis in the Treasurer's Department
Based London c.£22,000

The Channel Tunnel scheme is one of the largest private-sector projects undertaken in Europe. More than £250 million has already been raised by the owners, Eurotunnel, the Anglo-French partnership responsible for design, construction and operation of the transport system.

Crucial to the success of the project will be the successful raising of £750 million equity next year and the completion of a £3 billion loan facility. Eurotunnel's Treasurer's Department will play a key role in the development and implementation of these financial arrangements through close involvement with major international banks and international capital markets.

This creates challenging and unique opportunities for commercially-minded Financial Analysts to be part of an

exciting and historic project, and at the same time to gain outstanding experience of major financial operations.

Probably aged 26-30, with a Masters in Business Administration or equivalent, you will apply the best principles and practices of financial and economic analysis to investigate and make recommendations on crucial and sensitive issues affecting both Eurotunnel and the project.

A good working knowledge of French would be helpful.

Salary will be geared to experience and qualifications and a range of large companies will be provided.

Please send a full cv indicating current salary, quoting Ref: M179/D8/FT, to the Recruitment Officer, Eurotunnel, Portcawl House, Stag Place, London SW1E 5BT.

**EURO
TUNNEL**

MIKE POPE AND DAVID PATTEN PARTNERSHIP

FX DEALERS

Our clients, a European bank, long established in London, require 2 Dealers to join their existing team, which vacancies have been caused by their continued expansion in the City.

Senior Spot Dealer £26,000+

Senior Forwards Dealer £26,000+

Applicants must have 2-3 years' active dealing room experience.

Please telephone Mike Pope on 01-247 8314

2nd Floor Bank Chambers

214 Bishopsgate, London EC2

Unit Trust Administration Manager

Colchester

c £15,000-£19,000

The Royal London Unit Trust Managers Limited is a rapidly expanding subsidiary of one of Britain's major insurance companies. Since the beginning of 1986, the value of the eight unit trusts under our management has increased from £32m, to nearly £60m.

We envisage a substantial expansion of our unit trust administration facilities in Colchester. This is likely to include a major investment in the latest computer technology, to enable us to offer the high standards of accuracy and efficiency required in today's competitive business environment.

We are now looking for a Manager to be responsible for all aspects of our administration, including investment accounting. The successful applicant is likely to be in the age range of 25-35 years and must have had several years' experience of unit trust administration.

Salary on appointment will be related to experience, and other benefits include subsidised mortgage facilities, non-contributory pension and relocation assistance where appropriate.

Please write with full details of experience, qualifications and present salary to:

R.J. Harwood, Director,
The Royal London Unit Trust Managers Limited,
Royal London House, Middleborough,
Colchester, Essex, CO1 1RA.
Telephone: Colchester (0206) 44155.

THE ROYAL LONDON
UNIT TRUST MANAGERS LIMITED

Opportunity in Investment for a graduate...

... with Clerical Medical, as an Analyst in our London based Investment Department.

You will be a member of a small equity research team working closely with Fund Managers on the equity portfolios under our management. Considerable contact with stock brokers and senior company management will be involved.

Ideally you will be a graduate in your mid 20's, with 2-3 years in finance or industry. Previous investment management experience is not essential. Evidence of successful study for appropriate professional qualifications will be sought.

We offer a competitive salary, depending on qualifications and experience, plus excellent benefits. Career development opportunities are first class.

Please write with full details to:

Nick Morgan,
Personnel Officer
Clerical Medical and General
Life Assurance Society,
15 St James's Square,
London SW1Y 4LQ.

Clerical Medical
Life Assurance

Investment Marketing Executive

Due to a major expansion of funds under management our client, a leading UK Insurance Company, is seeking an additional Marketing Executive to join an established team.

With a client base consisting of an extensive range of professional intermediaries, including Insurance Brokers, Financial Consultants and Stockbrokers, the successful candidate will be expected to provide a full marketing service in support of a competitive range of funds with a superior performance profile. A contribution to the continued development of marketing policies is also required.

An investment background is considered essential for this position to compliment the strong marketing skills which we would expect to be in evidence.

A competitive remuneration package including bonus is offered.

Please write with full personal career and salary details. These will be forwarded direct to our client. List separately any companies to whom your details should not be sent. Michael Horden, ref. M/H/B/6.

MSL International, 52 Grosvenor Gardens, London SW1W 0AW.

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MSL International
Executive Search and Selection

INVESTMENT OPPORTUNITIES Fund Management & Research

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We are currently acting on behalf of a number of investment institutions ranging from small independents to those within the new conglomerates.

We are interested in hearing from individuals who are either managing funds in the following sectors, or who are in a research role as analysts/economists.

★ UK, European, or N. American Equities
★ Fixed Interest Instruments
MCP's experience and range of clients in the Financial Sector enables us to match the career advancement plans of high calibre investment staff with our clients' recruitment and manpower programmes.

To arrange an informal and strictly confidential meeting please telephone Derek Burn or Robert Winter on 01-405 90001, or send your CV to either of the above, quoting ref: 10/556 at the address below.

MCP
MANAGEMENT
CONSULTANTS

Lowance House, 51 Gray's Inn Road, London WC1X 8PP

Financial Analyst

Balance Sheet Management

c£24,000 package plus banking benefits

The TSB Group's drive to establish and maintain the highest standard of financial control has created this requirement for a high calibre Financial Analyst to join a small department in the Group Financial Planning & Control function based in the City.

The Analyst will report to the Manager, Balance Sheet Management and will assist in the continuing development and implementation of interest rate risk measurement techniques, the analysis of the Group's balance sheet positions, and the evaluation and monitoring of treasury and investment portfolio performance.

The successful applicant should have had a number of years' experience of financial analysis in a treasury or investment management department within the

banking or life insurance sectors; in consulting or corporate treasury; or alternative economic/business experience which has developed relevant skills.

The salary package will be negotiated in the light of qualifications and experience. There will be mortgage subsidy, non-contributory pension scheme and other significant benefits.

This is a career development opportunity and the successful candidate should be capable of moving on to other opportunities within the Group.

Please reply in strict confidence quoting ref L 268 directly to Brian H Mason, Mason & Nurse Associates, 1 Lancaster Place, Strand, London WC2E 7EB. Tel: 01 240 7805.



CJA

RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

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For this new appointment, we seek a seasoned financial services sales executive, aged 28-35. We require at least 2 years' proven record in the conversion of financial information service concepts into substantial sales. A comprehensive understanding of financial markets, leading institutions and stockbrokers and their trading priorities is essential together with established senior level contacts. Reporting to the Managing Director, the successful candidate will be directly responsible for all aspects of the initial launch and the subsequent leadership and control of all sales and support activities. The ability to define prospects, and successfully conclude sales is vital plus commercial acumen, management skills and the ability to meet objectives with minimum supervision. Initial remuneration, high basic salary plus results related bonus, negotiable £30,000–£42,000, car, non-contributory pension, free life assurance and private health cover. Applications in strict confidence under reference SCSE4449/FT to the Managing Director.

CAMPBELL-JOHNSON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.
TELEPHONE: 01-588 3588 OR 01-588 3576. TELEX: 887374. FAX: 01-256 8501

Start-up Operation Settlements Manager c£30,000

This Securities House is the newly formed subsidiary of a highly successful international bank that has been active in the London market since 1974. In establishing the new office the Bank sees an efficient settlements system as essential to the profitable operation of its securities arm.

Using your considerable experience, you will be responsible for administering the settlement of bonds, equities and money deposits using Euroclear and possibly Cedel, as well as controlling the balance in the company's nostro account. You will supervise a team of up to 5 people and will be involved in their recruitment.

Aged 30 to 40, you have a minimum of 5 years' experience in a settlements department and have proven supervisory skills. You are a competent computer user, with the ability to develop and implement in-house settlements systems. You adopt a practical approach to your work and communicate effectively at all levels.

In addition to the attractive salary a competitive benefits package is offered. To apply please write, enclosing a full c.v., to Deborah Hayden of Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London, WC2B 6ST. Tel: 01-404 5701.

Cripps, Sears



EUROPEAN SALES/RESEARCH

We are expanding the coverage of our European Equities Desk and now require an experienced sales executive/analyst in respect of the Spanish and Italian markets.

In the absence of UK candidates qualified in these areas we would consider

EITHER

A Spanish or Italian national fluent in English with a thorough knowledge of their local Stock Market and with proven ability to produce high quality company and industry research.

OR

A UK analyst, formally trained in a UK research environment, prepared to develop selling skills and to retrain in a foreign language and culture over the next two years. Linguistic skills are essential.

Competitive package.

Apply to Dr Jeffery Roberts,

Schroder Securities Limited,
120 Cheapside, London EC2V 6DS, England.

Applications without the required qualifications will not be considered.

Ambitious young Investment Analyst

A move towards portfolio management
to £22,500

United Friendly Insurance, an expanding and forward-thinking financial institution in the City, has over £1 billion of funds under management. The planned development of our investment department, together with a recent promotion, creates an opening for an analyst to take charge of analysis in various UK sectors and overseas markets.

Make a success of this excellent career development opportunity and you could expect to progress into portfolio management.

Essentially, you must have a degree in a numerate discipline or

a professional qualification and some two years' fundamental analysis experience in a large financial institution. Drive and ambition, however, are more important than any specific sector experience. Salary will be negotiated up to £22,500, depending on age and experience, and a range of first-class benefits includes subsidised mortgage facilities and private medical care.

Please send full personal career details, indicating current salary, to Caroline Johnston, Personnel Officer, United Friendly Insurance plc, 42 Southwark Bridge Road, London SE1 9HE. Telephone: 01-928 5644.



United Friendly Insurance

INTERNATIONAL MARKETING

Projectlab Limited, a newly-formed project development and consulting company is seeking an International Marketing and Project Management Executive, aged 35-40, with minimum academic qualifications of an MBA in Finance or International Business, or an MSc in Engineering. The candidate must have at least two years' international marketing and project development experience. The position responsible for project evaluation and market development, contract negotiation, project start-up and management for a broad range of large-scale engineering and construction works, preferably energy related. Experience in the organisation of joint ventures with major international companies and local partners in developing countries, as well as management of local agents and representatives is essential. Experience in Europe, Africa, the Middle East, South Asia and the Far East is required. Besides travelling extensively, the candidate should have lived in a developing country for at least two years and be fluent in at least one foreign language.

Five years prior engineering experience, preferably in a lead position for multi-disciplinary efforts on large projects is also necessary. A generous remuneration package will be offered to the successful applicant.

Please send full details to

Projectlab Limited, Box A0350, Financial Times
10 Cannon Street, London EC4P 4BY

Entrée to Eurobonds

Recently graduated in
Economics or a related subject?
Looking for a career in the City with
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LTCB International, a wholly owned subsidiary of the Long-Term Credit Bank of Japan Limited, one of the top eighteen banks in the world, is currently looking for graduates to join its rapidly expanding Capital Markets Operation.

A strong interest in the
financial
markets is
essential as is

the ability to learn quickly and work
under pressure. Good interpersonal
skills are necessary and computer
knowledge is a definite advantage.

Excellent career prospects and
an attractive salary package with all
the normal banking benefits are
offered.

Please telephone or write for an
application form to:
Vivien Karam, Personnel
Department, LTCB International
Limited, 18 King William Street,
London EC4N 7BR.
Tel: 01-623 3765 ext. 205.



INVESTMENT MANAGER

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INTL. COMPANIES and FINANCE

Toshiba's net profits plunge 65%

BY YOKO SHIBATA IN TOKYO

TOSHIBA, the Japanese electronics group, and its 37 subsidiaries suffered a 65 per cent plunge in consolidated net profits to Y12.01bn (\$74.04m) in the first half to September on sales down 10 per cent to Y1,560.87m.

Net earnings per share were Y4.27 against Y11.28, and the poor performance was blamed on the strong yen, the consequent setback in exports, particularly of consumer goods, and a drop in deliveries for nuclear power plants.

Sales of industrial electronics rose 1 per cent to account for 36 per cent of total turnover. Despite an expansion in volume sales of semiconductor chips, prices remained low, and offset good demand for Toshiba's office equipment.

Consumer products sales fell 10 per cent to account for 30 per cent of the total, hit by sluggish sales of seasonal products such as air conditioners and heaters, and a substantial fall in exports. In particular, exports to China decreased by

Y25bn chiefly because of lower colour cathode-ray tube shipments.

Sales of heavy electrical apparatus declined by 24 per cent to account for 24 per cent of turnover, reflecting a slowing of capital investment for plant and equipment, and the decline in nuclear power plant supplies.

Toshiba's operating profits plunged by 84 per cent to Y12.7bn. After a Y12.5bn improvement in non-operating

earnings to Y12.7bn, pre-tax profits reached Y25.24bn, down 68 per cent from a year before. The net consolidated result was a bare Y300m above that achieved by the parent company alone.

For the full year to March, sales are forecast to rise by 0.8 per cent, on increased demand for heavy electrical goods as well as office automation and communications equipment. Net profits are projected at Y32.5bn, down 46 per cent from the previous year.

Adler share buying threatens Humes deal

BY JIM JONES IN JOHANNESBURG

RENEWED BUYING of shares in Humes, the independent Australian steel products group, by Mr Larry Adler's FAI Insurance could stymie a A\$500m (US\$325.2m) defensive bid which Humes has negotiated with the private Smorgon Group.

FAI had announced earlier this week that it had agreed to buy the Smorgon family's steel mill in Victoria by way of a placement of 144m shares, equal to 46 per cent of the company. That deal was deemed to be part of Humes' defence against an unwanted scrip offer from Mr Garry Carter, a Sydney investor, who holds 36 per cent of Humes through his Unity APA group.

However, the Smorgon placement depends on ratification from Humes' shareholders.

FAI is understood to have picked up about 5 per cent of Humes' shares in the market recently and appears to be continuing its buying. Mr Adler said yesterday he planned to join Mr Carter in opposing the Smorgon deal. With 41 per cent of the capital between them, the two appear well placed to block the proposal.

Separately, the New South Wales Corporate Affairs Commission said it has extended to January 22 the deadline for FAI to dispatch its proposed partial bid for Pioneer Concrete Services. The bid, announced in May, has been delayed by legal action taken by FAI against a Pioneer share placing.

Mr Christopher Skase, a Queensland media and property entrepreneur, has announced the creation of a US investment vehicle which will have A\$250m to invest when it is set up on January 1.

Mr Skase said yesterday that Quintex America had already raised A\$125m in equity and had a further A\$125m of credit lines available. It hopes soon to announce the first of two possible US acquisitions.

"At the moment we are looking at spending about A\$25m initially if both come off and the potential total investment of double that amount if we take them further."

Further decline in first-half operating result at LTA

BY JIM JONES IN JOHANNESBURG

LTA, one of South Africa's largest construction and civil engineering groups, suffered a further operating profit decline in the six months to September despite an increase in turnover.

The directors are gloomy on immediate prospects, even though the group has increased its pre-tax result and returned to attributable after-tax profits.

First-half turnover rose to R590.5m from R584m and operating profits before interest dropped to R1.31m from R2.42m while a substantially lower interest bill resulted in an increase in pre-tax earnings to R4.45m from R1.72m.

Dr Zac de Beer, the chairman, says profitability is not at an acceptable level and it is unlikely to become so until the South African economy has

shown a sustained improvement. He adds that the construction and civil engineering

Tokai acquires Malaysian bank stake

TOKAI BANK, one of Japan's 13 "City" or commercial banks, is to acquire a 20 per cent stake in Arab-Malayan Merchant Bank (AMMB), Malaysia's leading merchant bank, after reports from Kuala Lumpur.

Antah Holdings, a listed local company, is to take a similar stake in AMMB. Each is to pay 50.5m ringgit (S\$1.06m) to Mr Azman Hashim, AMMB's majority shareholder.

Tokai bank officials did not disclose details of payment but said the deal was probably the largest foreign investment made in a Malaysian financial institution.

Tokai and Antah officials said they had been guaranteed by AMLIB that its average pre-tax profits for the next three years will not be less than the current level.

AHLIB said it made pre-tax profits of 20.2m ringgit in the six months to September against 17m ringgit previously.

NOTICE OF EARLY REDEMPTION



Fuji International Finance (HK) Limited

U.S.\$200,000,000

Guaranteed Floating Rate Notes Due 1996

Notes is hereby given that, in accordance with the Terms and Conditions of the Notes, the Company will redeem all outstanding Notes at a redemption price of 100 per cent of their principal amount on January 15, 1987, when interest on Notes will cease to accrue.

Payment of redemption price will be made upon presentation of the Notes with notice of redemption given, on or after January 15, 1987 at the office of one of the Paying Agents listed below.

Principal Paying Agents

The Fuji Bank, Limited
One World Trade Center, New York, N.Y. 10046

Payment of principal only

Paying Agents

The Fuji Bank, Limited
2251 Worcester Road
London EC2R 8DU

4000 Düsseldorf

The Fuji Bank, Limited
Rheinisch-Westfälische
Bahnstrasse 24
4023 Düsseldorf26th Floor, Gloucester Tower
31 Fetter Lane
London EC4P 4EEThe Fuji Bank, Limited
80-82 Old Bailey
071-585-1666
Singapore 01065 Rue Albringer
Luxembourg

Arrived January the 15th January, 1987 will be paid in the normal manner against

Proceeds of Corporate Notes on or after 15th January, 1987.

Arrived December, 1986 The Fuji Bank and Trust Company, New York, Fiscal Agent

U.S. \$20,000,000

European Asian Capital B.V.

(Incorporated with Limited Liability in the Netherlands)

Private Placement

Guaranteed Floating Rate Notes Due 1987

Unconditionally Guaranteed by



European Asian Bank

Aktiengesellschaft

(Incorporated with Limited Liability in the Federal Republic of Germany)

In accordance with the provisions of the Agent Bank Agreement between European Asian Capital B.V., European Asian Capital Limited (formerly Continental Illinois Limited), dated as of 26th May, 1982, notice is hereby given that the Rate of Interest for the next six month Interest Period has been fixed at 6.5% p.a. and that the interest payable on the relevant Interest Payment Date, 4th June, 1987 in respect of the relevant Interest nominal amount of the notes will be U.S.\$322.29.

Agent Bank

First Interstate Capital Markets Limited

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Berisford Cresvale Limited

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Chief Representative: John L. Green

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Issue and Paying Agent

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UK COMPANY NEWS

BOC hits £192m and sees further sharp rise ahead

BY TONY JACKSON

THE BOC Group has matched City expectations with a 12 per cent rise in pre-tax profits to £192.1m for the year to September, on sales up 2 per cent at £1.5bn.

Mr Richard Giordano, group chairman, said he expected a further rise of 20 per cent in both pre-tax and earnings per share in the current year. The full year dividend has been raised by 15 per cent to 10.7p net, the final being 6.42p. Mr Giordano said he saw the same rate of increase as achievable this year.

The group is finally to bow to City opposition and abandon its principle of modified historic cost accounting, which increases the depreciation charge each year in line with rising costs.

Mr Giordano said: "We've always been convinced of the intellectual accuracy of our method, and we still are. But we've been under a lot of criticism from analysts, and we haven't been able to persuade them." His forecasts for the coming year, he said, were on the old basis.

OPERATING PROFITS	
1985	1986
£m	£m
Gases and related products	160.5
Health care	88.5
Carbon and carbide	0.1
Special products and services	24.3
Corporate	13.6
Discontinued business	(0.7)
Total	259.1
	241.3

The gases division, he said, had seen no growth worldwide. The US contribution had been down, but volume and profits had risen in the UK as the benefits of the group's heavy capital expenditure programme had come through.

The UK had been one of the best growth areas for gases in the past three years, and was expected to be strong again this year.

The healthcare business showed growth overall, though a good performance in anaesthetics was partly offset by the Glasrock subsidiary in the US because of lower rates of US Government and the costs of installing software systems to link up the numerous acquisitions of recent years.

Cash flow in the year had been particularly strong, with debt reduced by some £80m before currency conversion. Some £30m of this was due to fortuitous movements in working capital, BOC said, the rest being the result of genuine cash control and increased profits.

The shares rose 7p to 347p.

As predicted by the company, pre-tax profits were hit by an exceptional £128m write-down of assets in the troubled US carbon business, leaving the stated figure at £64.1m. Mr Giordano said: "After being in dreadful shape in the first half, carbon has performed quite well in the last six months, and latterly even better. We believe it has stabilised."

Profits would now benefit from a £10m reduction in the depreciation charge caused by the write-down.

The shares rose 7p to 347p.

RTZ takes over at Anglesey Aluminium

By Stefan Wragg
RIO TINTO-ZINC, the mining, energy and industrial group, has bought control of Anglesey Aluminium, a smelting company in Anglesey, North Wales, for £20m.

RTZ has increased its stake in the company from 33 per cent to 51 per cent buying the shares from its partner, Kaiser Aluminium and Chemical, the US group.

RTZ said management and production arrangements at Anglesey would be left unchanged. The smelter last year produced 102,000 tonnes of metal mainly for the UK market.

In 1985, the company made a loss of £4.36m pre-tax due to a combination of low aluminium prices, redundancy charges and plant repair costs, after a profit in 1984 of £10.9m. RTZ said Anglesey could in future be competitive in world markets. There was strong demand for aluminium from its British customers.

The group has recently been expanding its activities in businesses outside the metals industry - notably chemicals. But it also believes that in the current period of depressed prices there are attractive investments to be made in metals. Last year, the group bought a stake in Escondida, the world's largest, undeveloped copper deposit in Chile.

Morland profits ahead to £2.6m

Pre-tax profits of Morland and Co, brewer and soft drink manufacturer, increased to £2.61m for the year ended September 30 1986, compared with £2.39m. Turnover for the period was up slightly at £17.62m (£16.77m).

Earnings per share were 21.5p (16p) and the dividend was stepped up to 7p (6.375p) with a final of 4.75p.

Licensed properties and the brewery were revalued and the surplus of £23.5m were credited to reserves.

• Whitbread Investment has increased its stake in the company to 44.07 per cent.

Thorn Ericsson

Thorn Ericsson, the joint venture between Thorn EMI and LM Ericsson of Sweden, has acquired Production Control (Ericsson), Brighton-based specialist developer of software for telecommunications applications, for £5.5m satisfied by the issue of shares in Thorn Ericsson.

Hogg Robinson to unveil Janson divestment terms

BY NICK BUNKER, INSURANCE CORRESPONDENT

Hogg Robinson, the insurance broking group, hopes to unveil at the end of this week the terms for its long-awaited divestment of Janson Green, one of the most prominent insurance underwriting agencies at Lloyd's of London.

Like other Lloyd's brokers, Hogg Robinson was compelled to sell its stake in Janson Green by 1987, under the terms of the 1982 Lloyd's Act.

Janson Green's present managers, who include Sir Peter Green, the former chairman of Lloyd's, are to buy the agency, with Hogg Robinson participating in its future profits for a period of several years.

Details of the deal are expected to be sent out to Hogg Robinson's shareholders on Friday, the group said yesterday.

Ultramar sells lossmaker

BY LUCY KELLAWAY

Ultramar, the independent oil company recently announced that it had found a buyer for its loss-making US marketing subsidiary, Ultramar Petroleum, which it put up for sale earlier this year.

Ultramar Petroleum has paid \$70m in cash for the company, which, after allowing for an unspecified transfer of current assets, is about equal to its purchase, Ultramar said yesterday.

In the first nine months of this year Ultramar Petroleum lost nearly \$4m before tax and interest, after losing \$5.2m in

1985. The company said that the disposal will improve its profitability and reduce borrowings.

Ultramar Petroleum's barging operation, which is profitable, has not been included in the sale. Its Canadian distribution arm has been retained within the group, while its Connecticut River marketing division was sold on separately earlier this year.

In the third quarter of this year, Ultramar made an after tax loss of \$1.5m, compared to a loss of \$13.6m in the second quarter.

Heineken, Whitbread deal

Heineken, the Dutch brewer, has agreed to commence part of its royalties from the licensing agreement with Whitbread, in exchange for a 1 per cent stake in the British brewery group.

In addition, Mr Alfred Heineken, chairman of Heineken, is joining the Whitbread board as a non-executive director.

The stake will be met by the issue of 4.3m new "A" limited voting shares and is worth around £12m. Heineken says it will be held as a long-term investment.

The stake and board appointment are part of a number of undisclosed changes to the contract between the two companies. Heineken and Whitbread have had trading links for around 25 years and the UK.

original agreement was negotiated in 1974. Whitbread brews around 1.5m barrels of Heineken beer in Lancashire and South Wales.

Mr Peter Jarvis, managing director of Whitbread commented: "We have progressed to a point where we need more flexibility on the legal side. When the original agreement was signed lager was a very small part of our business; now it is half the business."

Heineken, which is the top-selling take-home lager and second in Britain overall, accounts for well over half Whitbread's lager sales. Under the renegotiated contract, Whitbread retains exclusive use of the Heineken brand names in the UK.

THIS ADVERTISEMENT IS ISSUED IN COMPLIANCE WITH THE REQUIREMENTS OF THE COUNCIL OF THE STOCK EXCHANGE. Application has been made to the Council of the Stock Exchange for the grant of permission to deal in the Ordinary Share capital of the Company on the Unlisted Securities Market. It is emphasised that no application has been made for these shares to be admitted to listing.

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3rd December, 1986

British Gas response may disappoint

By Richard Temkin

AS THIS morning's 10 o'clock deadline on the £5.6bn offer for sale of shares in British Gas approached, it appeared last night that the total number of applications could fall short of some of the more optimistic forecasts.

The number received so far is estimated at about 3m to 3.4m. Many more are expected to arrive in this morning's post and to be submitted by hand at the last minute, but projections by National Westminster Bank, the receiving bank to the issue, suggest that the final tally is unlikely to exceed 5m.

If this is the case, the issue will have attracted the same number of applicants as the much smaller TSB issue in September and, far less than the figure of 8m which had been at the top end of the range of forecasts.

British Gas's advisers were last night attributing the shortfall to the large number of joint applications which had been received. This had pushed up the average value of each application from the £750 which had been projected to £1,350 at the fully-paid price.

If this average value is sustained, the issue will still be well oversubscribed and the claw-back provisions will come into operation, bringing more shares into the public offering at the expense of overseas and institutional investors.

However, many institutions are thought to be hedging against this possibility by making applications for shares in the offer for sale as well. Although it is widely believed that their share of the issue is restricted to a maximum of 40 per cent, they are not prevented from trying to enlarge their total share of the allocation by applying for shares in the public offering.

The "grey" (unofficial) market price of the shares was last night still at about 61p.

See Lex

Good start at Bryant

Bryant Holdings, the Midlands householder resisting a £137m takeover bid from English China Clays, said that all operations had started the financial year "exceptionally well."

The company was on course for its most successful year as property development was beginning to make a real contribution and ease of obtaining mortgages had helped to boost forward sales, Mr Chris Bryant, chairman, told the annual meeting.

Monks & Crane

Monks & Crane, distributor of industrial consumables, reported pre-tax profit up 15 per cent to £812,000 in the six months to September 30. And at the same time announced the acquisition of Fixings Delivery, a power tools distributor for £1.2m cash and £200,000 in loan rates.

Turnover was up from £11.5m to £13.74m.

After tax down £5,000 to £260,000, earnings totalled 4.23 (3.5p) per share and the interim dividend is 1.1p (nil).

Cape Industries up

Cape Industries, building products and industrial coatings, increased its pre-tax profit from £1.8m to £2.32m in the six months to September 30, 1986.

The company is paying an interim dividend of 1p (nil) and its stated earnings per 25p share improved from 4.4p to 5.5p basic, and from 3p to 3.8p fully diluted.

Compensation for industrial diseases was again a heavy item, taking £750,000 compared with £700,000. The pre-tax profit was after interest charges down from £1.16m to £581,000. Turnover for the opening half was lower at £84.2m (£71.45m). Cape is a subsidiary of Charter Consolidated.

Compensation for industrial diseases was again a heavy item, taking £750,000 compared with £700,000. The pre-tax profit was after interest charges down from £1.16m to £581,000. Turnover for the opening half was lower at £84.2m (£71.45m). Cape is a subsidiary of Charter Consolidated.

Turnover was up from £11.5m to £13.74m.

After tax down £5,000 to £260,000, earnings totalled 4.23 (3.5p) per share and the interim dividend is 1.1p (nil).

York Mount falls

York Mount Group produced pre-tax profits down by 69 per cent to £26,000 for the six months to June 30 on lower turnover of £200,000 (£1.5m) after selling its construction subsidiary.

The company has acquired CSL Truck and Trailer Hire subject to shareholders' approval, and plans to issue 50 new ordinary shares at 60p per share.

Directors declared an unchanged interim dividend of 1p.

Turnover was up from £11.5m to £13.74m.

After tax down £5,000 to £260,000, earnings totalled 4.23 (3.5p) per share and the interim dividend is 1.1p (nil).

BRYANT

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BRYANT

UK COMPANY NEWS

GEC falls to £275m but sees rising trend ahead

MR JAMES PRIOR, chairman of the General Electric Company, yesterday revealed that profits for the opening six months of the 1986-87 year had fallen from £289m to £275m at the pre-tax level.

He added that profits for the full year are expected to be marginally lower, reflecting the outcome of the contest between GEC and Boeing for the Nimrod aircraft early warning system contract.

However, with an increased order book and a continuing programme of capital and technological investment GEC was looking forward to better results next year and accelerating growth thereafter.

The group was continuing to seek suitable opportunities for expansion and presently had several possibilities under consideration.

Sales for the first six months (to September 30 1986) improved from £2.46bn to £2.51bn. The group manufactures electric, electrical and power generation apparatus and systems.

Pre-tax profits were struck after taking account of an

exceptional write-off of £11m, being the costs incurred during the period in connection with the Nimrod Mission Systems Avionics.

The Government is expected to decide shortly on the Nimrod contract and this will determine whether these costs are recoverable.

Tax of £101m (£109m) left net profits £5m lower to £174.5m. Earnings amounted to 6.3p (6.6p) from which an interim dividend of 1.5p (1.4p) is being paid.

Commenting on the half year Mr Prior said that satisfactory results were achieved by most of the businesses, in particular several of the Marconi electronics companies, the public switching division of telecoms, telecommunications, gas turbines and hydraulics.

Private venture research and development expenditure was £12m higher than a year earlier and continuing restructuring and reorganisation costs were incurred.

The group, Britain's biggest manufacturing employer, had its £1.2bn bid for Plessey blocked by the Monopolies and Mergers Commission in August. See Lex

Bunzl pays £22.5m for US materials distributor

By Mike Smith

Bunzl, the fast-growing paper, plastics, cigarette filters and distribution group, yesterday unveiled a \$32.5m (£22.5m) agreed bid for the Hudson Group, the US building materials distributor.

He added: "Capital investment, for example, in new facilities in Wales for Hotpoint and at Yarrow Shipbuilders in Scotland for submarines and frigates give us the capability respectively to compete even more strongly against imports of domestic appliances and to win orders overseas for warships, something which Britain has been unable to do for many years."

The chairman concluded: "There is no doubt that the ensuing years will see the company benefiting from establishing new areas of activity and new products."

The group, Britain's biggest manufacturing employer, had its £1.2bn bid for Plessey blocked by the Monopolies and Mergers Commission in August. See Lex

Christopher Parkes on Unilever's purchase of Chesebrough-Pond's Putting on a new face in the US

SINCE ALL efforts to grow another leg seem to have failed, Unilever has done the next best thing and gone out and bought one.

Acknowledging the Anglo-Dutch group's failures to generate organic growth in the North American personal products market, chairman Michael Angus said earlier this year: "Ideally, a nice acquisition with weight in the US would fit our strategy. But there's not a lot left."

Unilever had only recently withdrawn from the tussle with Procter & Gamble for control of Richardson-Vicks, the medicine and consumer products group.

Mr Angus now seems to have found the ideal, and the \$1.1bn (£21.7m) purchase of Chesebrough-Pond's has come at the ideal time. Unilever's US food business is taking its name in marketing. Its household products division is holding up well against arch-rival Procter & Gamble.

Now its struggling health, beauty and cosmetics interests will benefit enormously from the extra bulk and marketing power which comes with Chesebrough's renowned brands like Vaseline, Cutex and Q-tips.

"It's a brilliant fit," said Mr David Laing, Henderson Crosthwaite's Unilever watcher.

"They had serious problems in the States, the personal products business was not doing well. If Unilever had not come in, they had a big sales force but no business. Chesebrough has a big business but no sales force."

"With all the extra profitability they should now be able to fund a big new product development programme." The deal is expected to more than treble Unilever's health and beauty sales in the US.

Chesebrough-Pond's does not have the strength in the global \$17.5m over-the-counter medicines business which helped make Richardson so attractive.

But it offers many other advantages apart from the heightened profile in US drug stores and supermarket personal care departments.

The profitable packaged food division, built around Ragù spaghetti sauce, fits neatly into Unilever's branded foodstuffs business.



Mr Michael Angus, chairman of Unilever

Although much of the US chemicals division will be sold off because it does not fit the group's refined "core operations" policy, there will be a useful match between some parts and Unilever's developing interest in speciality chemicals.

Footwear and sporting goods also have no place in the streamlined Unilever empire, but their disposal poses no problem to a group which has spent the past 10 years stripping down its sprawling interests to the core.

Although the performance of Chesebrough's Prince Matchabelli perfume and cosmetics interests has been less than glamorous, Unilever's expertise should be able to beautify its results.

However, as Mr Laing stresses, the most perfect fit is in the skin care market. One of the main prizes scooped up by P & G in the Richardson-Siegel coup was the international skin care brand, Oil of Ulay. By way of compensation, Unilever is to take Vaseline Intensive Care, a successful by-product of the still-blooming Vaseline petroleum jelly business.

The European group has at present only a tiny 2 per cent share of the \$5bn world skin care market, compared with an estimated 7 per cent of the overall \$23bn health and beauty aids business.

According to Henderson Crosthwaite, Unilever's brands account for 16-17 per cent of the \$4bn toothpaste market (Colgate up to 40 per cent), 10 per cent of the \$8bn hair care business, 13 per cent of deodorants, about 2 per cent of perfumes and nothing in colour cosmetics.

Unilever's success with skin care products like Fair and Lovely in India, which turns over \$10m a year, and Dawn in South Africa will in future be well complemented by the relative strength of the Vaseline brand in the US and other western markets.

While the group is reputed to have excellent technology with which to develop further in this growing business, it has so far been held back in the US by the difficulty of launching new products in the face of such established brands as Oil of Ulay and Vaseline Intensive Care.

With a much reinforced base, Unilever can now press ahead with the further development of its personal care business in the US. Mr Angus claimed yesterday that the company had gained strength in oral hygiene markets (after blundering late into the booming toothpaste dispenser market).

Rising confidence has been illustrated lately by the launch of Aim Super Strength dentifrice and a new range of deodorants under the Trust brand.

While the toilet soaps business is being nursed back into shape, the skin care interests are still in the doldrums. Still, extra profits from Chesebrough-Pond's, which Mr Angus expects to start coming through in 1988, will assist any efforts to promote organic growth.

Application of the Vaseline brand to new products might also be of help. However, given the known difficulties of promoting internal growth in Unilever's weakest areas, the best option might be further acquisition.

And, as Mr Angus well knows, there is not a lot left.

Trafalgar becalmed at £146m

BY CLAY HARRIS

Trafalgar House yesterday revealed the toll of the collapse in oil prices with pre-tax profits becalmed at £145.8m, against £142.5m, and an extraordinary charge of £56.8m to write down the value of its oil and gas investments.

Operating profits from oil and gas fell to £8.5m in the year to September 30 1986, less than 12.5 per cent of the 1984-85 figure of £30.5m. This largely offset advances in the group's other activities including construction, engineering, shipping, aviation, hotels and property. Group turnover rose to £2.07bn (£1.91bn).

First-half results this year were unlikely to match those of last year. Non-recurring gains from the sale of stakes in French Kier and the London Standard, partially offset by the fall in the value of its holdings in Tricentrol, had boosted profits from investments.

Oil and gas fell into loss in the second half after an £8.17m profit in the first half. To maintain profits at the new reduced annual level, Trafalgar needed

OPERATING PROFITS BY DIVISION (£m)

	1985-86	1984-85
Property and investment	7.6	5.6
Construction and engineering	44.2	41.3
Shipping, aviation, hotels	38.5	31.8
Oil and gas	1.8	30.5
Total	162.9	160.0
Years to September 30		

to net \$15 a barrel. Recent proceeds, however, had fallen short of this.

Sir Lithgow was expected to deliver the Ocean Alliance drilling rig to British Petroleum in February, and Trafalgar would continue its efforts to recover any penalties for late delivery from British Shipbuilders from whom it bought the Scottish yard in 1984.

Trafalgar's proposed £400m project for a third Bosphorus bridge appeared to be in a financing race with a rival tunnel scheme promoted by Bouygues, the French construc-

tion group.

After a 20 per cent tax charge of £29.2m (£28.5m) and minorities of £1.6m (£2.6m), net profit crept up to £11m (£10.4m) but earnings per share fell to 32.7 (34.7p).

Taking extraordinary items into account, however, earnings per share dropped to 10.3p (10.6p). Shareholders' funds fell to £440.7m in September from £457.7m a year earlier.

This contributed to an increase in gearing from 19 per cent to 60 per cent, as net borrowings grew to £282.9m (£22.1m). Gearing would fall again this year before falling in 1987-88, the company said.

The company will transfer £10.8m from reserves to meet the costs of raising the final dividend to 7p (6.1p) for a total of 18.2p (11.5p). Sir Nigel Brookes, chairman, doubted whether the dividend would have been increased by that much if the interim statement had not promised continued 15 per cent growth.

See Lex

FKI profits leap 76% midway

FKI Electricals, which has faced large-scale restructuring and rationalisation after its acquisition, returned pre-tax profits 76 per cent higher at £1.5m for the six months to October 3. Turnover was more than three times higher at £26.8m.

Directors said that despite the heavy costs of reorganisation, up into five divisions, the electrical and electronic engineering group's balance sheet remained strong.

The engineering division of Thorn EMI which was acquired in June made a significant contribution to half year profits thanks to streamlining of the Nuneaton manufacturing operation.

The Laurence Scott motor and control gear companies were losing a year when they were bought last June. Within four months FKI had stripped out £4m a year of overheads and the profits were beginning to roll in. The strategy was much the same as FKI had used in a closely contested bid.

hampton factory, transfer of business to the main Norwich site and a redundancy programme.

After a tax of £261,000 (£723,000) and extraordinary credits of £451,000 (debit £418,000), earnings per share stood at 3.55p (1.75p).

Directors declared an interim dividend of 0.4p, up from last year's of 0.275p.

Comment

When FKI makes an acquisition it wastes no time in applying its magic touch. The Laurence Scott motor and control gear companies were losing a year when they were bought last June. Within four months FKI had stripped out £4m a year of overheads and the profits were beginning to roll in. The strategy was much the same as FKI had used in a closely contested bid.

This year a pre-tax level of £1.5m is in view. On yesterday's share closing of 90.5p and a tax charge of just 10 per cent that puts the prospective p/e at 12. As turnover approaches the £100m a year mark more big institutions will become aware of FKI's merits, so there is plenty of scope for the rating to rise.

The same as FKI had used in a closely contested bid.

Placing arranged by

Allied Provincial Corporate Services Limited

of 4,741,250 ordinary shares of 10p each at a price of 65p per ordinary share

Capital and Regional Properties plc and its subsidiaries acquires well located commercial and industrial properties in the UK and US for long term investment. These properties are actively managed on a continuing basis following upgrading, refurbishment or development. The objective is to enhance the capital value of the properties whilst achieving a positive return from rental income after interest costs.

Application has been made for grant of permission to deal in the 11,825,000 ordinary shares of Capital and Regional Properties plc on the Unlisted Securities Market on The Stock Exchange. It is emphasised that no application has been made for these shares to be admitted to listing. Allied Provincial Limited and Parsons & Co Limited will place 75% of the shares and James Capel & Co will place the remaining 25%. Particulars are available in the Exetel Unlisted Securities Market Services and may be obtained during usual business hours up to and including December 24th 1986 from:

Allied Provincial Corporate Services Limited
100 West Nile Street
Glasgow G1 2QU

Possible buyout at loss hit Ford & Weston

BY PHILIP COGGAN

Losses on contracts at a building subsidiary will mean that Ford & Weston Group, which joined the Unlisted Securities Market in June, will fail to meet its profits forecast for the year to September 28 by £1.5m.

The Laurence Scott motor and control gear companies were losing a year when they were bought last June. Within four months FKI had stripped out £4m a year of overheads and the profits were beginning to roll in. The strategy was much the same as FKI had used in a closely contested bid.

Profits were forecast to reach £225,000 for 1985-86, but the subsidiary's losses seem likely to push the pre-tax figure below the previous year's £76,000.

Ford also announced that it had received approaches from

DIVIDENDS ANNOUNCED

Argyll	int. 3.1	—	2.65	—	7.75
Atkins	int. 2.21	Jan 19	1.7	—	7
BOC	6.62	Apr 2	5.53	10.79	9.88
Cape Inds.	int. 1	—	nil	—	2
CF Inds	int. 0.58	—	0.5	—	2.4
Country & N. Town	int. 0.7	Jan 30	0.6	—	1.9
Evans of Leeds	int. 1.5	—	1	—	4
FKI Elect	int. 0.4	Jan 26	0.28	—	0.78
GEC	int. 1.5	—	1.4	—	4.3
Hillier Morris	int. 1.25	Jan 7	1.25	—	3.5
Jarvis Porter	int. 1.3	Jan 15	nil	—	2
LIT	int. 0.54	—	0.47		

UK COMPANY NEWS

United Leasing recovers and sells micro offshoot

BY RICHARD TOMKINS

United Leasing, the computer leasing company which disappointed the market with a downturn in full year profits last summer, yesterday announced that it was selling its troublesome personal computer activities.

It also produced interim figures for the six months to September 30 1986 showing a recovery in pre-tax profits from £10.1m to £2.6m on turnover up from £63.84m to £113.41m.

Earnings per share were up from 5.5p to 11.8p but there was an extraordinary loss of £1.5m relating to the disposal of the micro-computer operations. The dividend is unchanged at 1.5p.

United is selling the micro-computer distribution and maintenance activities of United Business Systems, a heavy loss-maker for the group, to Micro Business Systems for about £1.3m.

MBS is a quoted company which specialises in micro-computer distribution and maintenance. After heavy losses in 1985, it recently returned to profit under new management.

Mr Parry Mitchell, United Leasing's chairman, said United had decided on the disposal because it wanted to concentrate on the niches it understood best.

"There was a reasonable chance that things were going to get better at UBS, but we



had through too many false dawns and we decided it was time to get out."

The micro-computer operations lost £1.28m in the year to last March and were a major factor behind United's disappointing performance for the period. Mr Mitchell said that if these operations were excluded from the interim figures, the pre-tax figure would be showing an increase from 11.67p to 22.86p.

The main reasons for the advance in continuing activities were a particularly good six months in the US market, the

effect of exchange rates which enabled computers to be bought cheaply in the UK and leased competitively on the Continent, and buoyant trading in the general leasing subsidiary.

● comment

Yesterday found United making vehement protestations about the lowly level of its share price. A higher rating is apparently justified on at least three grounds: first, on the fundamental trading outlook; second, because the Dataserv bid has proved that computer leasing companies are being undervalued by the market; and third, because the likely disposal of a controlling interest in United's US operation will almost certainly be at a price which values the group at a much higher level. So is it time for a re-rating? The market apparently thinks not: yesterday it took one look at the figures and knocked 8p off the price to leave it 130p. This was not an auspicious start for United's new image, but the unchanged dividend and extraordinary loss were perhaps to stand reminders of what shareholders have been through. With perhaps 57m in sight this year, the prospective p/e does indeed look almost ludicrously lowly at a little over 4 and can surely have only one way to go: but just how quickly is another matter.

Tunstall Security expected further trading improvements

Second half fall holds Tunstall's rise to 12.8%

IN SPITE of a second-half downturn from £1.36m to £2.26m pre-tax Tunstall Group, manufacturer of emergency communications equipment and burglar alarms—formerly Tunstall Telecom Group—ended the September 30 1986 year with profits ahead from £4.07m to £4.24m, a rise of 12.8 per cent.

After tax of £1.99m, compared with £1.78m, earnings are shown to be 1.9p up to 16.3p per 5p share while the dividend for the 12 months is boosted to 2.48p (1.65p) with a final distribution of 1.68p.

At the midway stage turnover (£1.1m) and pre-tax profits (£2.33m) had expanded by 24 per cent and 33 per cent respectively. However, by the year end these figures had fallen, respectively, to 19.2 per cent and 12.8 per cent—turnover amounted to £2.1m (£21.06m).

The directors stated that considerable expenditure had taken place in establishing a wider market for all aspects of the group's activities. This, together with high expenditure on new product development, was written off during the 1985-86 year.

They added that the benefits of this investment area were beginning to be realised.

The directors said that further considerable investment was taking place in updating the technical aspects of the company's production and the product development capabilities in Tunstall Telecom, the electronic equipment division.

Tunstall Security expected further trading improvements

during the current year while Tunstall Lifeline's marketing campaign was benefiting from the results of initial test marketing.

After the tax charge and an extraordinary debit of £42,000 last time, attributable profits emerged at 2.6m, against £2.24m.

● comment

Sozically desirable though it might be for every old age pensioner to have a Lifeline—Tunstall's special emergency phone service for the elderly—the private sector has proved slower than expected to accept the product. So, although local authority business is booming, the group failed to make the £4.8m the market was expecting and the shares dropped 20p to 30p. Tunstall must be one of the few UK companies to have a charity as a marketing agent.

Help the Aged is trying to raise £16m to spend on Lifeline—and in the long term, it seems likely that the group will make some inroads into the 6m or so pensioners living in private accommodation.

Whether the security division, which absorbed a substantial proportion of the £1.25m spent last year on product development, has quite such a rosy future is more doubtful given the intense competition in that area of the market. On profits of £5.7m this year, the prospective p/e of 14 seems to reflect the growth prospects.

NOTICE OF ISSUE
This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

ABRIDGED PARTICULARS
This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

The Mid Kent Water Company

(Incorporated in England on 12th August, 1986 by the Mid Kent Water Act, 1986)

OFFER FOR SALE BY TENDER OF £7,000,000

83/4 per cent. Redeemable Preference Stock, 1997

(which will mature for redemption at par on 31st March, 1997)

Minimum Price of Issue £100 per £100 of Stock

yielding at that price, together with the associated tax credit at the current rate, £12.32 per cent.

This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961 and by paragraph 10 as amended in its application to the Company) of Part II of the First Schedule thereto.

The preferential dividends on this Stock, which will rank for dividends with the existing Preference Stocks, will be at the rate of 8 3/4 per cent. per annum without deduction of tax. Under the imputation tax system, the associated tax credit, at the current rate of Advance Corporation Tax (2/3s of the distribution), is equal to a rate of 3.573 per cent. per annum.

Tenders for the Stock must be made on the Form of Tender supplied with the Listing Particulars and must be accompanied by a debit of £1,000 per £100 of Stock applied and sent in sealed envelopes to Deloitte Haskins & Sells, New Issues Department, PO Box 207, 128 Queen Victoria Street, London EC4P 4JX marked "Tender for Mid Kent Water Stock", so as to be received not later than 11 a.m. on Wednesday, 10th December, 1986. The balance of the purchase money will be payable on or before Tuesday, 24th February, 1987.

Copies of the Listing Particulars, on the terms of which alone Tenders will be considered, and Forms of Tender will be available, for collection only, during usual business hours today and tomorrow from the Company Announcements Office of The Stock Exchange, London EC2. Copies may also be obtained during normal business hours from:

Seymour, Pierce & Co.,
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Deloitte Haskins & Sells,
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National Westminster Bank PLC,
3 High Street, Maidstone, Kent ME14 1XU.
and from the Company's principal office,
High Street, Shodland, Kent ME6 5AH.

3rd December, 1986

Anglia Secure Homes ahead at £841,000

Pre-tax profits at Anglia Secure Homes climbed from £255,000 to £241,000 in the year to September 30 1986.

The company—its shares are traded on the Unlisted Securities Market—has still to pay its maiden dividend. Stated earnings per share improved from 5.42p to 8.35p.

In October, the company made its first acquisition outside East Anglia with the purchase of two new sheltered housing developments in Chelmsford, which added 31 units to 218 units scheduled for structural completion in 1987.

During the year, the company had continued to strengthen its management team, which had resulted in higher overheads, but was viewed as an investment to underwrite future growth of the group.

It is expected to announce shortly a new area of activity—a pilot advanced care housing development for less active residents, linked to a purpose-built nursing home at Holland-on-Sea, Essex. Construction is planned to start early next year, subject to planning consent.

Turnover in the year under review was up from £2.15m to £2.17m. Tax took £316,000 compared with £195,000.

Premier Oil expects recovery after midway fall

BY LUCY KELLAWAY

Premier Consolidated Oil fields, which now claims to be the fifth largest independent oil company in the UK, yesterday announced a sharp fall in after-tax profits in the six months to September 30, 1986 from £2.3m last time.

The cause was the drop in the average price received for its oil from £18.50 a barrel last year to £8.00 during the first half of this year. The results were also depressed by a £242,000 exchange loss (profit £46,000), and a £617,000 increase in the tax charge.

Mr Roland Shaw, chairman, said yesterday that he was delighted at the results which he said compared favourably with those of other UK oil independents.

The results were buoyed by the acquisition last summer of the oil assets of Burmab Oil, which included oil production from the Thistle/Devron fields. Three months of Burmab's production was included in the first half figures, and with the benefit of increased production for the full second half, the company should manage to increase its profits for the year as a whole, Mr Shaw said.

Premier said that its net cash and investments exceeded its borrowings by a substantial margin, and that with the £6m

LIT rises and sees growth in traded options

FOR THE first six months of 1986-87 London Investment Trust raised its turnover from £16.3m to £20.73m and its profits before tax by £403,000 to £2.41m.

Earnings pushed ahead by 0.35p to 1.65p and the interim dividend is being lifted from 0.455p to 0.54p net per 5p share.

In their report for the half year to September 30 1986 the directors said the group had developed to a stage where it was now a major force worldwide in the futures and options business.

They added that a stronger international network had been created and as a result of new market memberships, principally The Stock Exchange, London, Comex New York and the European Options Exchange, LIT was well placed to take advantage of anticipated growth in traded options.

In the UK, Bailey Shatkin achieved increased volume but in the US Shatkin Trading faced difficult market conditions.

John Michael advances

John Michael Design, the retail shop design company, increased its first half pre-tax profits by £63,000 to £253,000 and said yesterday that it was looking for a significant improvement in profitability in the second six months.

Turnover for the six months to September 30 1986 rose from £547,000 to £1.25m and gross profits improved by 89 per cent to £880,000.

Tax took £89,000 (£76,000) and left net profits £50,000 higher at £164,000, equal to earnings per share of 1.99p (1.75p). The interim dividend is being lifted from 0.45p to 0.5p net.

The company's shares are traded on the USM.

New Issue

All these securities having been sold, this advertisement appears as a matter of record only

November 1986

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No. FRER 010081-010080 issued on 13th January
1983 Maturity 15th January 1988 Callable in January
1987 Prepayment date 15th January 1987

AND

U.S.\$25,000,000

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No. FRER 010081-010100 issued on
19th January 1983 Maturity 22nd January
1988 Callable in January 1987 Prepayment date
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COMMODITIES AND AGRICULTURE

Tim Dickson on implications of the European Court ruling

UK milk pricing 'discriminatory'

WHILST the verdict was not unexpected, the timing was embarrassing. Almost on the eve of an EEC summit at which Mr Thatcher will be hoping to parade Britain's 'European' credentials, the UK was yesterday found guilty by the European Court of Justice of allowing its Milk Marketing Board (MMBs) to operate an anti-competitive pricing system which clearly discriminated against its EEC partners.

Given that the practice was discontinued three years ago, the Prime Minister's guests in London on Friday and Saturday will hardly hold the UK too strongly against her. But many observers feel that the result of the implications of which were only starting to sink in yesterday — could pose a long term challenge to the MMBs for "commercial" reasons. Customers were charged one price for milk to be manufactured specifically for the Community's "intervention" stores and another (lower) price for butter which was to be put into packets and sold on the retail market. Different pricing also applied at a second level according to whether the skimmed milk obtained from that whole milk was intended for the production of skimmed milk powder, animal feed or other uses.

The objections to this two-tier system, as made particularly by the French Government which intervened in support of the Commission, was that it seriously distorted competition in Community markets.

The legal arguments over the production of butter hinged partly on the interpretation of the wording of part of a 1973 Council Regulation, which spells out the basic notion of single prices inherent in the



Sir Stephen Roberts: deeply concerned

common organisation of the market. This allows an exception where it relates to the "use intended by the buyer," a phrase which the UK contended could refer to the market on which the final product was to be sold and could therefore justify differentiation by two separate markets for butter. The court, however, took a "strict" interpretation and ruled that while "the use of milk intended by the buyer" must indeed be the production of butter . . . it cannot include the manner in which the butter so produced is subsequently packaged, marketed, or sold.

The UK also argued that if technically there had been a failure to comply with the Article 89(1) of the Community law could surely take place if there had been no distortion of competition. The long term question marks which the case raises for the MMBs, however, may well be a greater "punishment."

In other words, the Article was irrelevant.

In a crucial passage, however,

the Court says that "it must be considered that differentiation of prices is excluded (from the Community provisions authorising the MMBs) if it is found to entail risks of distortion or if discrimination, even if it is in conformity with the criterion of intended use or other objective criteria which in theory ought themselves to ensure that such differentiation is compatible with Community law."

The "dual price" for whole milk based on the "intended use" of the resulting liquid skimmed milk, meanwhile, raised the separate issue of Community aid schemes. The Commission complained that the setting of a higher price where the skimmed milk was used for animal feed effectively reduced the real level of Community support to animal feed manufacturers, encouraged buyers of whole milk to use less liquid skimmed milk on their farms than they otherwise would, and thus to process greater quantities into powder.

The Court concluded that without dual pricing more skimmed milk would have been consumed as feedstuffs, that the system "interfered with" the efficient function of community aid schemes and must be considered incompatible with Community law.

Apart from costs—in this case those of the French Government described by one observer dismissively as "a few lunches and a few train fares"—the Court cannot impose any financial penalty on offenders.

The long term question marks which the case raises for the MMBs, however, may well be a greater "punishment."

The Commission has always eyed the MMBs—which buy all milk produced other than that

BP's Brazilian subsidiary to propose \$175m nickel project

BY ANN CHARTERS IN SAO PAULO

BRITISH PETROLEUM Mineraçao, BP's Brazilian subsidiary, is to propose to the BP board early next year the development of a mining project to produce electrolytic nickel in central Brazil, at a total cost of \$175m.

To date \$22m has been invested in feasibility studies which revealed proven reserves of 5.5m tonnes of ore with an average nickel content of about 2.6 per cent in Forteleza de Minas, in the mining state of Minas Gerais.

The major components of the project include a mine, concentrator plant, a smelter, a refinery and a sulphuric acid plant that together will cost an estimated \$175m, not including money

spent on the feasibility study. The necessary investment is to be shared with potential Brazilian partners.

In addition to electrolytic nickel from the refinery, the mining complex would also produce copper, hydronium of cobalt, platinum, some gold and sulphuric acid.

According to Mr Andrew Searle, assistant to the directors of BP Mineraçao, the company has not approached Brazilian partners, or decided what participation local partners would have in the project. "If the Board in London approves the project, then we will look for Brazilian partners. If we find partners, the project will take 27 to 30 months from turning

the sod to production," he says. BP Mineraçao owns the mineral rights to the land where the ore is located.

The company which set up in Brazil in 1980 has a copper and gold mine under development in Cabaceiras, Mato Grosso.

Production is expected to begin in 1987, yielding 2 tonnes

annually of gold and 1,000 tonnes a year of copper.

Because the mine is located near Brazil's western frontier, the company is a minority shareholder with 49 per cent as required by Brazilian law.

The majority shareholder is Cobem, a company formed with the Monteiro Aranha group and Globo, Brazil's largest communications group.

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FOREIGN EXCHANGES

Dollar slightly firmer

STERLING—Trading range against the dollar in 1986 is 1.3555 to 1.4270. November average 1.4250. Exchange rate index 67.8, unchanged from the opening but down from 67.9 on Monday.

The pound opened weaker because there was very little reason to hold sterling in the face of a generally bearish attitude towards a proposed increase in UK Government spending and the generally sluggish economic outlook. In addition uncertainty caused by the possibility of a General Election some time next year tended to deter foreign investors from holding long sterling positions.

The pound closed at DM 2.83 against the D-Mark up from DM 2.8375 and SF 2.3575 from SF 2.3550. It was also higher against the French franc at FF 9.27 from FF 9.26 but eased against the yen to Y225.25 from Y223.25. Against the dollar it eased to \$1.4345 from \$1.4380.

D-MARK—Trading range against the dollar in 1986 is 2.4710 to 2.5746. November average 2.0227. Exchange rate index 140.4 against 132.3 six months ago.

Uncertainty about the deepening crisis surrounding the US administration restricted the dollar's gains from Monday's lows. The dollar rose from DM 1.9745 in Frankfurt against DM 1.9611 on Monday. Earlier in the day it moved higher to a fixing of DM 1.9740 from DM 1.9611 without any intervention by the Bundesbank. Trading was basically quiet ahead of Christmas and only the current

controversy over the Iranian problem provided any switching of positions.

JPANESE YEN—Trading range against the dollar in 1986 is 126.78 to 132.35. November average 132.77. Exchange rate index 264.5 against 160.2 six months ago.

Trading was predominantly quiet in Tokyo yesterday. The dollar was underpinned by light but persistent demand and fears of central bank intervention. However, its overall sentiment remained bearish with traders pessimistic about the prospects of any revival in US economic growth in the short term. The dollar closed at Y161.80 against Y162.20 in New York and Y161.75 in Tokyo on Monday. Meanwhile the D-Mark continued to improve, rising to Y83.23 from Y82.12.

THE DOLLAR finished up from Monday's closing levels in London yesterday in the middle of the day's range. Attention remained focused on the outcome of the US election. The dollar rose from US 1.0620 to 1.0621. The Bank of England figures, the dollar's exchange rate index rose from 108.7 to 109.3.

EMS EUROPEAN CURRENCY UNIT RATES

Changes in Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Dec. 2 Latest Previous Close

1 month 1.4352-1.4365

3 months 1.4545-1.4555

12 months 1.4761-1.4800

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

	Dec. 2	Previous
1 month	6.30	6.29
3 months	6.78	6.78
12 months	6.78	6.78
Forward premiums and discounts apply to the US dollar.		

CURRENCY RATES

	Dec. 2	Special	European	US
Bank rate	0.0445-0.0455	0.7355-0.7455		
1 month	6.30-6.50	6.30-6.50		
3 months	6.78-6.78	6.78-6.78		
12 months	6.78-6.78	6.78-6.78		
Forward premiums and discounts apply to the US dollar.				

All SDR rates are for December 1.

CURRENCY MOVEMENTS

	Bank of England	Mortgage	Current	US
1 month	6.78	6.78	6.78	6.78
3 months	6.78	6.78	6.78	6.78
12 months	6.78	6.78	6.78	6.78
Forward premiums and discounts apply to the US dollar.				

Mortgage Guarantees charges: average 1980-1982. 100. Bank of England Index (base average 1975-100).

OTHER CURRENCIES

	Dec. 2	£	\$
Armenia	1.5880-1.5930	1.1770-1.1780	
Australia	2.1970-2.2000	1.3240-1.3250	
Brunei	4.50-4.55	1.00-1.00	
Finland	6.95-6.975	1.4700-1.4720	
Greec	195.54-198.54	136.45-138.89	
Hong Kong	11.3330-11.3550	1.74-1.7570	
Iceland	1.2454-1.2405	0.60-0.60	
Iran (Rev)	0.4210-0.4215	0.2980-0.2940	
Luxembourg	58.90-59.10	1.20-1.20	
Malta	0.2940-0.2940	0.2940-0.2940	
New Zealand	2.8320-2.8490	1.9500-1.9500	
Saudi Ar.	5.3753-5.3760	3.7500-3.7505	
Singapore	3.1945-3.1940	2.2015-2.2020	
S. Africa	6.3845-6.3850	4.4545-4.4550	
Taiwan	51.90-52.15	34.20-34.30	
U.S.A.	5.2625-5.2680	3.6725-3.6735	

* Selling rate.

MONEY MARKETS

Slightly firmer London rates

INTEREST RATES had a slightly firmer tone on the London money market yesterday, but trading was quiet, with dealers not expecting any major change in the interest rate structure before the New Year.

The British Gas share offer seems likely to keep a lid on any upward trend in rates before dealings begin next Monday, and dealers suggested that the market would then be well into the Christmas period, when little movement in rates is likely to occur.

On the other hand the New Year is expected to bring further uncertainty into the market and the

In the afternoon the Bank of England purchased £120m bills outright through 220m bank bills in band 1 at 10% per cent; 27m bank bills in band 2 at 10% per cent; 27m bank bills in band 3 at 10% per cent; and £25m bank bills in band 4 at 10% per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £188m, with the unwinding of repurchase agreements absorbing £222m, and a rise in the note circulation £2m. These outweighed a decline in trading rates on the interbank market, and a Bank balance above target by £50m.

In Frankfurt cash money rose to 4.675 per cent from 4.575 per cent.

The West German Bundesbank more than replaced the DM 11billion draining from the money market today when two securities repurchase agreements expire. The central bank accepted bids of DM 15.8bn at a rate of 4.50 per cent. The minimum rate had been set at 4.30 per cent. Banks bid for a total of DM 30.5bn at the tender, and will be credited with the funds today.

Credit conditions are expected to tighten in Frankfurt this month, as cash in circulation rises ahead of the Christmas holiday, and tax payments are made by the personal sector and by large oil refining companies.

One-month 10% per cent; three-month 10% per cent; Treasury bills 10% per cent; interbank 11% to 11.5% per cent.

The Bank of England initially forecast a money market shortage of £230m, but this was revised to £400m at noon. Total help of £573m was provided.

Before lunch the authorities bought £228m bills outright, by way of 25m bank bills in band 2 at 10% per cent; 13m bank bills in band 3 at 10% per cent; 54m Treasury bills at 10% per cent; and 22m bank bills in band 4 at 10% per cent.

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LONDON STOCK EXCHANGE

Account Dealing Dates

First Declar. Last Account Dealings Date Dealings Day Nov 18 Nov 21 Dec 1 Nov 24 Dec 4 Dec 5 Dec 15 Dec 8 Dec 18 Dec 19 Jan 5

New issue dealings may take place from 9.30 am two days before the date of issue.

London's securities markets staged a successful rally yesterday, when equities were helped by an early upswing on Wall Street, and UK Government bonds by firmness in the pound against the German mark, and a favourable reception for the latest UK official reserves data.

Guinness shares continued to slide as the market awaited further details of the Trade Department's inquiry into the company's affairs. By the close 6.3m shares of Guinness had traded.

However, other blue chips were very firm, and the takeover sector appeared unaffected by the Government's decision to prosecute Mr Geoffrey Collier, the former executive at Morgan Grenfell who resigned over inquiries into his share dealings.

With Wall Street touching a new peak, early gains were trimmned as the market awaited the UK option to buy from the Government. It was a good session for leading equities. The market took in its stride somewhat disappointing results from GEC, which sent the shares downwards in brisk trading. Trafigura House also eased on the trading statement, but BOC attracted buyers after their profit news.

However, early gains were trimmed as Wall Street topped off. The FT-SE Index, 16 up at best, ended a net 7.7 higher at 1262.5, and the FT Ordinary index was 5.9 up at 1278.4.

The equity market's firmness brushed aside any selling pressure from Barclays de Zoete Wedd, the major marketmaker, which took, as a bought deal, some 120m of stock from the Royal Bank of Scotland Trust, formerly acquired yesterday by London & Edinburgh Trust. Barclays de Zoete firmly rejected suggestions that it had taken on 1928 Trust's 2.5m shares in Cambrian & General, the former UK investment vehicle of Mr Ivan Boesky.

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Lloyds better

A reported denial by chief executive Brian Pitman that Lloyds is planning to sell its wholly-owned National Bank of New Zealand subsidiary left Lloyds 6 higher at 123p. Barclays, which last week sold its 40.4 per cent stake in Barclays National Bank of

Good recovery by equities as UK official reserves push Government bonds higher

FINANCIAL TIMES STOCK INDICES										
	Dec. 2	Dec. 1	Nov. 28	Nov. 27	Nov. 26	year ago	1986	Since Completion		
							High	Low	High	Low
Government Secs	61.23	61.13	61.75	61.77	61.08	63.56	94.51	80.39	127.4	49.18
Fixed Interest	88.41	88.38	88.55	88.55	88.34	89.18	97.68	86.5	105.4	30.53
Ordinary ¹	1,278.4	1,272.5	1,292.0	1,286.0	1,286.3	1,128.3	1,425.9	1,094.3	1,425.9	49.4
Gold Mines	322.9	331.8	314.5	302.2	299.7	270.6	357.8	185.7	734.7	33.3
Ord. Div. Yield	4.44	4.47	4.41	4.44	4.44	4.37	(32.0)	(31.8)	(31.7)	(31.7)
Earnings Yield (fwd)	10.30	10.28	10.21	10.28	10.28	10.05	(7.7)	(7.7)	(7.7)	(7.7)
P/E Ratio (est. ²)	11.85	11.76	11.91	11.84	11.86	11.36	(23.7)	(23.7)	(23.7)	(23.7)
SEB Ratio (fwd)	27.95	29.67	28.65	25.72	26.75	56.94	1,611.7	1,611.7	1,611.7	1,611.7
Entity Turnover (£m)	—	896.35	1,146.02	750.20	1,257.76	569.54	5,000.0	5,000.0	5,000.0	5,000.0
Entity Turnover (fwd)	—	39,689	36,392	34,054	38,101	24,763	137.7	141.6	141.6	141.6
Shares Traded (fwd)	—	385.7	362.1	355.9	427.0	274.3	2035.6	2035.6	2035.6	2035.6
▼ Opening	1277.5	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.	1282.3	1287.4
		1279.0	1279.7	1282.7	1285.8	1283.7	1287.4	1283.3		
Day's High	1287.7	Day's Low	1276.7	Basis 100 Govt. Secs 10/12/86, Fixed Int. 1/7/95, Gold Mines 12/9/55, SE Activity 1974 *NH-11.38.						

LONDON REPORT AND LATEST SHARE INDEX: TEL 01-244 8026

178p and Thorn EMI put on 4 at 472p; the latter's interim results are scheduled for next Wednesday. STC firms at 178p, while GEC, which had been 11.75, staged a half-heartedly successful market debut; the shares, offered at 175p, opened at 186p and settled at 190p, a first-day premium of 15. US newcomer Haile Home and Gardens also got away to a good start, the shares closing at 108p, compared with the placing price of 104p.

London-listed commercial estate agents, Tishkoff King staged a successful market debut; the shares, which fell 35 on Monday, staged a half-heartedly successful market debut; the shares, offered at 175p, opened at 186p and settled at 190p, a first-day premium of 15. US newcomer Haile Home and Gardens also got away to a good start, the shares closing at 108p, compared with the placing price of 104p.

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Unilever advanced 1.7 to 1278.4.

Business in the Building sector remained at a low ebb, but the trend was firmer. Barratt Developments advanced 5 to 125p, pending takeover by 216p, while BPF Industries edged up 3 to 53p. Elsewhere, David Crichton firms 3 to 216p, pending takeover by 216p, while Tiffey Green, a firm recently taken over by Raiffeisen Industries, slipped 4 to 40p. Profit-taking in the wake of the good annual results clipped 4 from Anglia Secure Homes at 242p, but James Latham firms 4 to 257p awaiting today's half-timer. John Laing hardened a penny to 379p following a broker's lunch, but Hisorical Bar eased 3 to 500p.

Concertyne, which had been 14, gained 1.7 to 14.6. Whitechapel Investments, which had been 14, gained 1.7 to 14.6. Whitechapel Investments, which had been 14, gained 1.7 to 14.6.

Business in the Chemical sector, BPF, found support at 143p, 4 up, while Yorkshire added 4 to 168p following a broker's lunch.

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Continued on Page 37

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Confident assault on peaks

PROPELLED by futures-related buying, stock prices rose strongly in heavy trading on Wall Street yesterday, writes *Roderick Oram in New York*.

Some help came from the bond market where prices rose after positive factors on currencies, oil and gold prices outweighed the negative influence of higher-than-expected October leading economic indicators.

At 3pm the Dow Jones Industrial Average was up 30.37 at 1,942.91.

Prices jumped at the opening bell as a widening premium on stock index futures prompted computerised buy programmes in the underlying stocks. By early afternoon the Dow Industrial was trading well above its previous peak of 1,919.71 set in early September.

Among blue chips, Amoco was up 3% to \$68.9, Eastman Kodak rose 3% to \$68.4, Philip Morris advanced 3% to \$75.2, Sears Roebuck edged up 3% to \$44.6 and United Technologies was up 3% at \$45.4.

General Motors common shares fell 1% to 70% while its Class E shares, dividends on which are based on profits of its EDS subsidiary, recovered 5% to \$28.

after falling sharply on Monday on news that GM was buying back the Class E shares of Mr Ross Perot, founder of the subsidiary. Class H shares, geared to the performance of GM's Hughes aerospace unit, gained 5% to \$34.4.

Honeywell dropped \$2% to \$69.4. It said it would take a \$250m fourth-quarter charge because of the restructuring of its computer operations in partnership with Bull of France and Nippon Electric of Japan.

Among other computer groups, IBM was up 3% to \$128.6, Digital gained 3% to \$104.6 and Control Data rose 3% to \$20.4.

Merch gained 3% to \$113.6 and General Electric rose 3% to \$34.6, both in ex-dividend trading.

Chesbrough-Pond's jumped 3% to \$11.4. It agreed to a bid of \$72.4% from Unilever, the Anglo-Dutch food and consumer products group. Shares of Unilever NV, the Dutch arm, rose 3% to \$23.1. American Brands, which had earlier launched a \$66 a share hostile bid for Chesbrough, rose 3% to \$45.7.

GTE gained 3% to \$62.6. First City Financial, owned by the Belzberg family of Canada said they had a stake in the telecommunications group and were interested in buying some of its Canadian assets.

BankAmerica slipped 3% to \$54. It reaffirmed its opposition to a bid from First Interstate Bancorp which eased 3% to \$53.6. First Interstate valued the bid at about \$22 a share.

Jay Manufacturing surged 5% to \$31.4 in heavy trading. Pullman-Peabody began a \$31 a share offer for the group.

Carter Hawley Hale gained 3% to \$54. A \$55 share offer was underway from The Limited, up 3% to \$33.2, and Mr Edward DeBartolo.

Ponderosa rose 3% to \$26. An investment group led by Mr Asher Edelman offered 27% a share for the 81 per cent of the restaurant chain's stock it does not already own.

JWT, the advertising agency, gained 3% to \$29.4.

Credit markets were buoyed by a number of factors such as a slightly higher dollar, steadier oil prices and lower gold prices. The 0.8 per cent increase in October's leading economic indicators was twice as high as expected. The market did not respond negatively, however, because analysis showed that the figure probably overstated the true level of growth and the previous month's figure was revised downward.

On balance, the news was taken as favourable and bond prices rose modestly. The benchmark 7.50 per cent Treasury bond gained 3% of a point to 101.1% at which it yielded 7.37 per cent.

Three-month Treasury bills gained two basis points to 5.40 per cent and six-month bills edged up one basis point to 5.45 per cent, while year bills eased down one basis point to 5.48 per cent.

The Federal Reserve entered the market to make overnight system repurchases when the Fed funds rate stood at 6% per cent.

Some institutional investors are believed to have sold Tokyo Electric Power shares, as it has regained almost all the ground it lost after hitting a record Y8,290 on October 1.

Nippon Kokan, most active with 22.85m shares traded, fell Y4 to Y22.3.

Tokyo Gas, second busiest with 15.59m shares, shed Y20 to Y980 on profit-taking after rising Y20 at one stage. Other electric powers and gases were out of favour.

Guinness continued to feel the draught of the proposed Trade Department's inquiry into the company's affairs. The brewer closed a further 8p cheaper at 287p on 6.3m shares traded.

Disappointing results from GEC prompted a 10p drop to 180p on volume of over 17m shares while Trafalgar House slipped 10p in active dealing to 272p on recent.

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Opening uncertainty among gilts was reversed on the reserves data and longs ended 3% higher.

Chief price changes, Page 35; Details, Page 34; Share information service, Pages 32-33

LONDON

THE CONVINCING RALLY staged in London equity markets yesterday stemmed from the early upturn on Wall Street, firmer sterling and the latest UK official reserves data.

The FT-Ordinary index firmed 5.9 to 1,278.4 and the FT-SE 100 finished the day with a 7.7 gain to 1,025.50.

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HONG KONG

FOREIGN INSTITUTIONAL buying offset domestic profit-taking to push Hong Kong to another record as the Hang Seng Index rose 0.6% to 2,458.20 after a mid morning fall of 25 points.

The Hong Kong Index firmed 2.21 to 1,562.37 and turnover dipped to HK\$1bn from Monday's HK\$1.6bn.

Profit-taking eroded support for Jardine group. Hongkong Land was actively traded 15 cents lower to HK\$6.60, while Jardine Matheson and Jardine Securities lost 50 cents each to HK\$23.10 and HK\$24.00.

Cheung Kong advanced HK\$1 to HK\$3.77, while Hutchison Whampoa at HK\$44.25 was 25 cents higher.

The weaker-than-expected performance of the biotechnology sector sparked selective buying of speculative

TOKYO

Utilities feature in sell-off

MOUNTING concern over high prices took equities still lower in Tokyo yesterday, although some issues continued to draw buying interest, writes *Shigeo Nishiuchi of Jiji Press*.

The Nikkei stock average ended 117.01 points down at 18,190.97 after an early fall of 176 points. Volume shrank from 548m to 420m shares. Declines outnumbered advances by 548 to 309, with 136 issues unchanged.

Tokyo Electric Power was the most popular stock in terms of contract value, though its volume was the fifth largest, with 8.31m shares traded. It finished unchanged at Y7,950 after gaining an early Y110 from the previous day's close to Y8,060. The strong popularity stemmed from its excellent business performance and low price relative to that of Nippon Telegraph and Telephone (NTT).

Some institutional investors are believed to have sold Tokyo Electric Power shares, as it has regained almost all the ground it lost after hitting a record Y8,290 on October 1.

Nippon Kokan, most active with 22.85m shares traded, fell Y4 to Y22.3.

Tokyo Gas, second busiest with 15.59m shares, shed Y20 to Y980 on profit-taking after rising Y20 at one stage. Other electric powers and gases were out of favour.

Matsushita Electric Industrial, second

Frankfurt suffered from the fall in the US currency which discouraged investors. However, a late rally by the dollar sparked some activity mainly among local buyers and this helped to halt the downward trend. The Commerzbank index set at mid-session, lost 19.4 to close at 2,053.9.

Banks suffered on the news that Berliner Bank's profits were sharply down. Berliner shares fell DM 15 to DM 230, Commerzbank DM 2 to DM 320 and Dresdner DM 2.50 to DM 414.50.

Deutsche fell DM 2.50 to DM 849.50 ahead of its 10-month figures today.

The car sector closed generally mixed with Daimler adding DM 8 to DM 1,333, VW steady at DM 430.50 and BMW just 50 pfg down at DM 596.

Hopes of a bumper Christmas shopping season failed to benefit retailers. Karstadt closed DM 3 lower at DM 504 and Horten DM 1 to DM 259.

Among steels Thyssen put on DM 4.10 to DM 152.00 but Kruppstaedt eased DM 2.50 to DM 124.00.

Bonds closed sharply lower amid profit-taking by foreign investors. Longs fell by up to a full point although most were lost around 65 basic points.

The Bundesbank, in its daily market-balancing operation, bought DM 81.2m worth of paper after selling DM 21.8m on Monday.

Amsterdam closed higher largely in reaction to the rise of the dollar late in the session which added some sparkle to a market otherwise damped for most of the day.

Internationals reacted strongly to the dollar's improvement including Unilever, which was also boosted by news it is taking over Chesbrough-Pond's. Unilever added FI 9.50 to FI 518.00, Royal Dutch was up FI 2.90 to FI 207.50 and Akzo FI 1.40 to FI 182.80.

Aegon, the insurer, rose FI 1.20 to FI 89.90 ahead of its third-quarter results due today.

Zurich followed the trend with a marginal improvement towards the close in line with the rising dollar. However, trading was lacklustre with many local investors remaining on the sidelines.

Foreign investors were responsible for most of the buying which boosted shares in Nestle SFr 150 SFr 8.55 and Jacobs-Suchard SFr 125 to SFr 8.55.

Brussels closed mixed on hopes that the Government would soon announce a pensions savings scheme with tax incentives to stimulate private investment.

Among financial holding companies Groupe Bruxelles Lambert rose BFr 30 to BFr 3,740, insurer AG was BFr 65 higher at BFr 4,925 following a seven-for-one share split on Monday, and Wagons-Lits added BFr 80 to BFr 5,500.

Oslo fell sharply as the Norwegian krone weakened further and doubts continued over the Government's ability to agree a budget for 1987.

Paris reacted to a mixture of profit-taking and selective buying and closed narrowly mixed.

Milan closed mainly lower in trading marked by caution over the political situation. However, gains were seen in some sectors including Mediobanca which rose L1,500 to L46,000.

Madrid fell in light trading with utilities showing the largest losses. Stockholm also eased amid hopes that the steep decline of recent sessions might be easing off.

Amsterdam-Rotterdam Bank

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Generale Bank

Deutsche Bank AG

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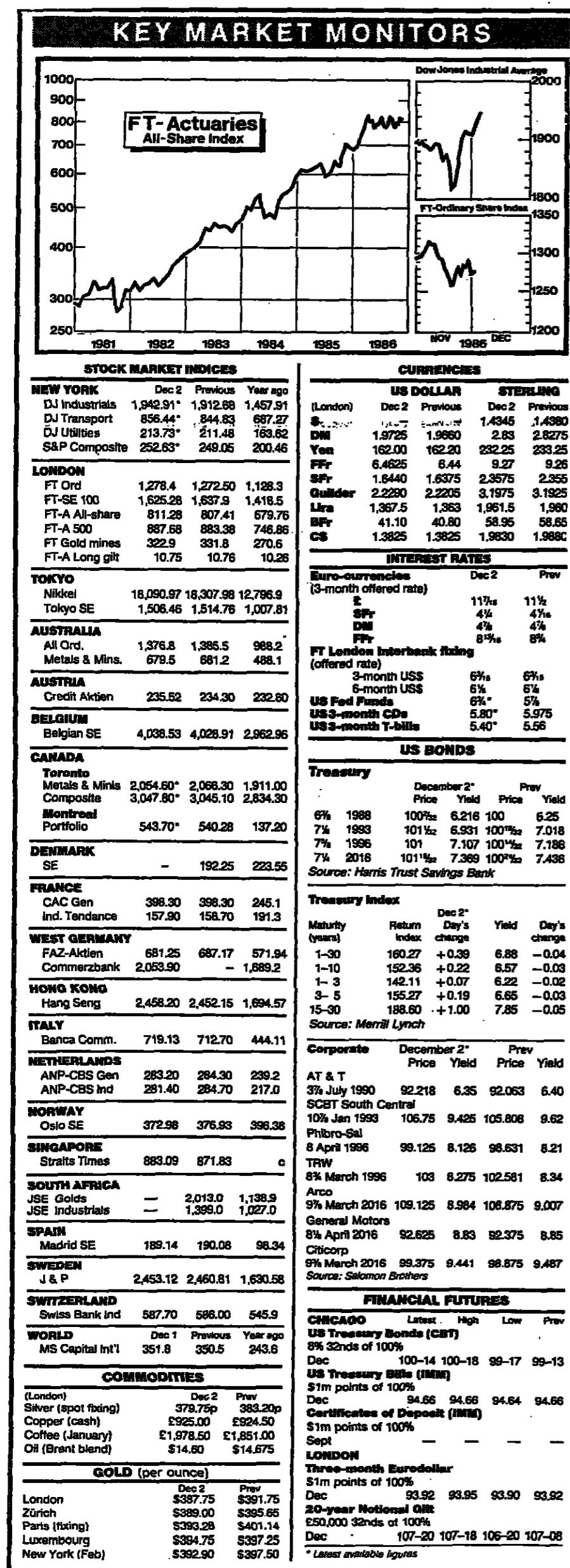
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A QUIET RETREAT was staged by Johannesburg gold shares in reaction to the lower bullion price. Vaal Reefs dropped R18 to R375, while Buffels gave up R1.75 to R87.25. Other mines were mixed with diamond leader De Beers off 50 cents to R35.50 and Impala among platinums up 25 cents to R50.25.